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NEWS SUMMARY

GENERAL

Student numbers to fall by 10,000

Universities must cut the numbers of students from both Britain and EEC countries by more than 10,000 by 1983-84.

The basis for the cuts emerged yesterday in a Commons written reply by Mr Mark Carlisle, Education Secretary, who released the text of a letter sent to universities by the University Grants Committee.

The Association of University teachers and the National Union of Students are to strongly oppose the cuts. Back Page

Gas works blast

An explosion in a gas works rocked the Barcelona port area. Two workers were said to be seriously injured. Patients were evacuated from a nearby hospital.

Spy probe

The West German foreign ministry is investigating allegations in the newspaper Bild that secrets about the Leopard Two tank have been sold to the Soviet Union.

17 executed

Seventeen secular leftist opponents of Iran's Ayatollah Khomeini were executed by firing squads in a national crackdown following the bomb massacre of 74 leaders in Tehran.

Life sentence

Hosni Farhat, the Libyan accused of trying to murder a family of four with poisoned peanuts, was sentenced to life imprisonment at Winchester.

Four murdered

Four people were murdered in a house in Laurel Canyon, near Los Angeles, while neighbours ignored shouts and screams. A fifth person was badly wounded.

Skater's damages

Former junior ice-skating champion Vicki Wylde, 20, of Peckham, was awarded £108,265 High Court damages for road accident injuries which ended her skating career.

Dodgers pay up

A five-month Government campaign against television licence dodgers resulted in 148,000 people buying licences worth an extra £4m to the BBC.

Borg battle

Bjorn Borg beat Jimmy Connors 0—6, 4—6, 6—3, 6—0, 6—4 in a 3 hours 18 minutes battle in the men's semi-finals at Wimbledon. He will meet John McEnroe in tomorrow's final.

Test latest

Australia put England in to bat on the opening day of the Cornhill Insurance second Test at Lords. England were 191—4 at the close of play.

In good heart

Eight of Britain's heart transplant patients set off to raise money for charity by cycling for three days in relays the 100 miles between Birmingham and Papworth Hospital, near Cambridge.

Briefly . . .

Princess Anne opened an £18m cosmetics factory in Northampton.

Body of diver recovered from wreck off Nantucket Island.

Manx Government will not run a lottery this year because of legislative delays.

Dame Margot Fonteyn is to be Durham University's Chancellor.

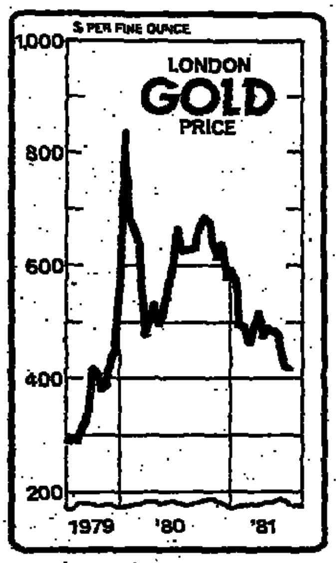
Three died in a three car crash near Hull.

Bournemouth shopkeepers were warned to watch for forged £10 notes after two were passed.

BUSINESS

Gold off $11; Equities ease

● GOLD lost $11 to close at $414.5. Page 28



● GILTS were again undermined by weakness in sterling. The Government Securities Index was unchanged at 65.51. Page 30

● EQUITIES were off. Leaders eased in a thin trade. The FT 30 share index was off 2.8 at 540.9. Page 30

● GOLD MINES index recovered another 5 to 279.8 inspite of a further fall in the bullion price. Page 30

● STERLING was off 1.9 cents at $1.8840. It finished at DM 4.5475 (DM 4.5925), FFr 10.80 (FFr 10.915), SwFr 3.9025 (SwFr 3.9450). Its trade-weighted index was 92.1 (93.1). Page 28

● DOLLAR was firmer against sterling but eased against other major European currencies. It was unchanged against the D-mark at DM 2.4125, SwFr 2.0712 (SwFr 2.0740), Y226.75 (Y228.10). Its trade weighted index was 109.4 (109.8). Page 26

● WALL STREET was off 5.62 at 962.04 near the close. Page 28

● JAPAN's Defence Agency is to use Rolls-Royce Spey Engines to power its DDG class of guided missile destroyers. Back Page

● BRITISH TELECOM warned the Government that the go-ahead for some radical plans to liberalise the telecommunications monopoly could result in poorer service and extra demands on public sector borrowing. Back Page

● BRITAIN's 2.5m workers in the engineering, shipbuilding, motor and aerospace industries will open the new pay round with a claim for a "substantial" increase. Back Page

● PROTECTIONIST moves in the U.S. and Europe have been a factor in a boom in Japanese car shipments to "third" markets. Back Page

● BANK OF FRANCE cut one of its main interest rates from a record 22 per cent to 19.75.

● GEC's pre-tax profits for the year to end March 1981 increased by £61m to £476m on higher sales outside the group of £3.462m (£3,006m). Page 20; Lex, Back Page

● SCOTTISH and Newcastle Breweries announced taxable profits down from £39.1m to £33.1m for the 53 weeks ended May 3 1981. Turnover expanded by £89.7m to £587.7m. Page 21; Lex, Back Page

● PEARSON LONGMAN, the publishing group whose interests include the Financial Times, is setting up a new company to expand its interests in films, television and video.

● NCC Energy slumped from a pre-tax profit of £102,000 to a loss of £2.17m in the year ended March 31, 1981. Turnover was down at £27.64m (£36.66m). Page 20

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Brunning Res. Vtg. 80 + 7	Standard Ind.	67 + 10
Burtonwood 387 + 12	Stanelco	90 + 4
Collins (Wm.) A 167 + 12	Sun Alliance	916 + 22
Commercial Union 170 + 8	Trust Securities	378 + 12
Courts A 86 + 9	Union Discount	480 + 12
Distillers 233 + 7	**FALLS**	
Dunbar 525 + 25	Assd. Newspapers	230 − 8
Eagle Star 317 + 6	Avana	288 − 5
Haden Carrier 193 + 18	Berisford (S. & W.)	127 − 7
Intasun 74 + 4	Birmingham Pallet	58 − 8
Intnl. Paint 153 + 13	British Home Stores	148 − 6
Laing (J.) 51 + 8	Currys	196 − 10
Lex Service 112 + 4	Dowty	298 − 6
Liverpool Dly. Post 148 + 6	Flight Refuelling	378 − 9
Mercantile House 848 + 16	Granada A	238 − 8
Press (Wm.) 79 + 3	Lloyds Bank	398 − 6
Saatchi and Saatchi 325 + 8	Mills and Allen	455 − 13
Sangers 70 + 7	Sainsbury (J.)	425 − 9

Howe raises tobacco and gambling taxes to cut derv duty

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

SIR GEOFFREY HOWE, Chancellor of the Exchequer, yesterday announced a package of indirect tax increases to recoup the loss of revenue resulting from the reduction by 50 per cent in his Budget proposed 20p rise in duty on Derv.

Under Sir Geoffrey's proposals:

● Cigarettes go up another 3p for 20 from next Wednesday.

● Gambling duties are to be increased with rises in the tax on both general betting and bingo.

● From 6 o'clock last night cut the duty on Derv (diesel fuel) by 10p a gallon.

Sir Geoffrey had said when he agreed to cut the Derv increase, a move forced on him by mutinous Tory MPs, that he would have to find the money elsewhere.

Nevertheless, some Government MPs hoped he might find the money from the contingency fund. But with yester day's tax rises, Sir Geoffrey seemed determined to show that he was not prepared to have his budget strategy undermined, and to teach his own backbenchers a lesson.

The increases went down in the Commons without much trouble. Mr Peter Shore, the Shadow Chancellor, described them as "trivial," and ridiculed such "fiscal fine tuning."

Mr Gerry Neale, one of the 50 or so Tory MPs who had threatened to defeat the Government by voting against the derv increase, welcomed the way the extra taxes had been loaded on to tobacco products.

Cigarettes went up by an unprecedented 14p for 20 in the Budget, and immediately afterwards there was a brief fall in demand.

Next weeks increase, which will also mean another 3p on pipe tobacco, will add between 40.1 and 0.2 per cent to the retail prices index. It will raise about £65m in the current financial year.

A number of Tory MPs suggested an increase in gambling duties when they were urging the Chancellor to cut not only the 20p increase in derv duty but also the 20p a gallon rise in petrol.

The measures announced yesterday will raise only about £20m. There is to be an incerase in the "off course" rates of general betting duty from 7½ per cent to 8 per cent while the bingo duty is to go up from 7½ to 10 per cent.

Various increases will also be made in the rate of gaming machine licence duty. These will come into effect in October while the other gambling duties will be increased later this month.

Gareth Griffiths writes: The tobacco industry last night forecast renewed short-time working and possible redundancies because of the duty increase. Imperial Tobacco, which makes Wills and Players brands and holds more than half the British market, said it was shocked at the Chancelor's decision.

The 3p increase in duty on a packet of 20 cigarettes takes, for example, the price of a packet of Embassy No 1 from 91p to 94p.

The increased prices are not likely to be felt in the shops for several weeks after the duty rise comes into effect because of high stocks. Tobacco companies have recently been working short-time because of large stocks in the retail system and a fall in demand since the Budget. Imperial Tobacco paid 7,500 workers at seven factories to stay at home for 10 days during April and May and Gallaher announced short-time working for 6,000 employees in April.

Howe statement, Page 11

Ulster advisory council will move on devolution

BY MARGARET VAN HATTEM IN LONDON AND STEWART DALBY IN DUBLIN

THE GOVERNMENT, in a first step towards devolution of power to Northern Ireland, is to set up an advisory council to scrutinise Government departments in the Province and advise on future legislation for Northern Ireland including possible constitutional changes.

Unveiling his latest political initiative in the Commons yesterday Mr Humphrey Atkins, the Northern Ireland Secretary, said he hoped the council would convene around the turn of the year. It would consist of about 50 representatives from elected bodies such as Westminster, the European Parliament and district councils.

The body was needed urgently he said, and therefore could be neither directly elected nor established by means of legislation. He intended to set it up by administrative Act. Political parties in the Province would be consulted over the next few weeks, and asked to submit a specified number of nominations based on their electoral strength after the recent local elections.

Initial reaction in Northern Ireland was unfavourable. The Reverend Ian aPisley, Leader of the Democratic Unionist Party said: "He's (Humphrey Atkins) talking absolute nonsense. The people of Northern Ireland have the right if they are setting up a body to vote for that body."

He went on: "It's absolutely wrong in a democratic system to put a person in a body for which he has not been elected. The man has taken leave of his sense." However Dr aPisley did not specifically rule out participation in the advisory body.

Mr John Hulme, leader of the Social Democratic and Labour Party (SDLP), the main moderate Catholic Party, was similarly cool about the body. He said: "If it is an embryo Stormont then I don't think my party will show any interest. However, the SDLP will look at it in the context of whether it provides a lasting solution to our problems."

In Dublin the new Government of Dr Garret FitzGerald made no immediate comment on the proposals.

Mr Atkins' proposals were almost immediately overshadowed in the Commons however by Mr James Callaghan, the former Labour Prime Minister who called for the establishment of an independent nation state in the Province.

In a major speech, flying in the face of his party leader, Mr Michael Foot, who earlier this week asked him not to make it, Mr Callaghan rejected as "futile" the Government's initiative and the Labour Party's latest tentative steps towards a radical new policy on Northern Ireland.

He said it was time to break the hopeless pattern of initiatives from Westminster followed by negative reactions from Ulster. It was not the British Government's responsibility to find a solution to the problem. It should stand back and let the people of the Province assume responsibility for deciding their own future.

Britain should work towards giving the people of the Province complete responsibility for their own affairs. "The final step would be that Northern Ireland would emerge as a broadly independent state having in the process forged a new relationship with London and with Dublin," he said.

Progress on advisory council for Ireland, Page 11

BL to sell Alvis subsidiary

BY KENNETH GOODING

BL is to sell its Alvis subsidiary, which makes the Scorpion tank £27m, in line with its promise to and other fighting vehicles, for the Government that it will dispose of companies and assets outside the main stream of its automotive operations.

The buyer will be United Scientific Holdings, a supplier of equipment, mainly optical, for fighting vehicles, ships and aircraft.

United Scientific asked for dealings in its shares to be suspended yesterday because it plans a rights issue, probably of one-for-three, to pay for the acquiition.

The shares were unchanged at 448p yesterday, giving United Scientific a stock market value of £86m.

Mr David Andrews, executive deputy chairman of BL, said the change of ownership would be beneficial to Alvis and its employees.

"United Scientific has an outstanding record, and Alvis will be an important part of that company instead of a small part of BL, where the board has other preoccupations".

He insisted that so far Alvis, a self-financing company, had not suffered from BL's general financial problems.

"But potentially Alvis could suffer because of BL's cash constraints. That risk is now eliminated, and that's very important for Alvis".

The company made pre-tax profits of £6.97m on sales of £60.1m last year, compared with £3.34m on a £40.2m turnover in 1979.

But 1980 was an exceptional year because a production backlog from 1979 was included in the figures. This year will be "satisfactory".

The outlook for Alvis for 1982 is not so encouraging, as a major Ministry of Defence contract for supply of vehicles is nearing completion.

Mr Peter Levene, United Scientific's managing director, said his company intended to counter this by intensifying Alvis's overseas sales programme.

Alvis vehicles are sold in 12 countries outside Britain, whereas United Scientific sold its products to Government procurement organisations in over 50 countries last year.

Mr Levene said that over 90 per cent of United Scientific's 1980 sales, worth £33.55m, were outside the UK.

United Scientific claims to be one of Britain's fastest growing companies. Its taxable profits rose from £4.05m to £5.26m last year.

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For latest Share Index phone 01-246 8026

Inmos planning a Japan factory

By John Elliott in Colorado Springs

INMOS, the semi-conductor company, 70 per cent owned by the National Enterprise Board, is preparing long-term plans to set up a microchip factory in Japan.

The plans envisage Inmos forming a partnership with a Japanese company. One candidate would be Matsushita, which has recently started handling Inmos chips in Japan.

Such a venture would almost certainly reduce the NEB's percentage holding. It might well therefore be favoured by the British Government, which has always been embarrassed by the state support given to the company.

Top Inmos executives are also reconsidering plans to build a second UK factory. Instead, they might expand their first £30m plant, in Newport, South Wales, now being built.

These possible lines for development are likely to be aired for discussion in Inmos's five-year corporate plan, to be sent to the NEB in the next few weeks.

But the company will stress it does not intend to ask the British Government to provide more than the total of nearly £100m in equity, grants, loans and guarantees already sanctioned. Funding would, therefore, come from the private sector.

Mr Richard Petritz, Inmos chairman and managing director, said here yesterday decisions on development would have to be made by early next year, preferably in January, because it took two to three years to bring new factories into production and continued expansion was needed.

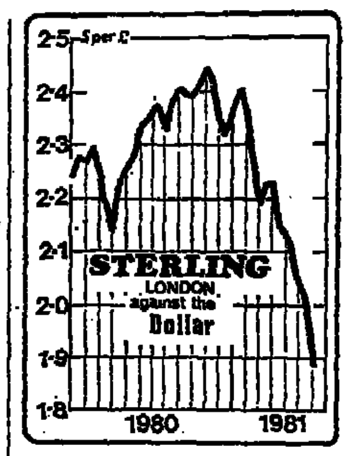
Mr Petritz believed a production base in Japan might be essential in three to four years if Inmos was to become a major international semi-conductor company. He had visited Japan recently for talks with Matsushita and other companies.

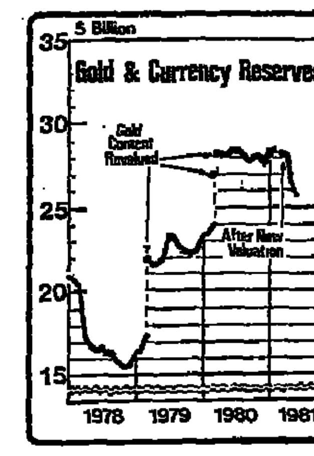
He said: "If you want to be one of the big half-dozen companies in this business you've got to be international. We have to be big in Japan."

Inmos was likely to obtain Continued on Back Page

£ in New York

	July 1	Previous
Spot	$1.8950-8960	$1.9175-9185
1 month	0.93-1.00 pm	1.08-1.15 pm
3 months	2.65-2.75 pm	2.60-2.70 pm
12 months	6.00-6.20 pm	5.55-5.75 pm





Pound slumps again to end at $1.8840

BY DAVID MARSH

THE POUND slumped further yesterday, finishing in London at $1.8840, down 1.9 cents from Wednesday's close, and at its lowest for three years.

The drop came amid news of the largest underlying fall for more than 18 months in June of Britain's gold and currency reserves. This was mainly due to Bank of England intervention to smooth last month's fall in the pound.

According to Treasury figures published yesterday, the reserves fell by $856m in June to $25.63bn. The underlying drop, after taking account of large foreign debt repayments last month, was $388m, the largest monthly fall since October 1979, when Britain abolished exchange controls.

Sterling's fall yesterday took it to its lowest level since the end of 1979 against a trade-weighted basket of currencies with a drop to 92.1 against Wednesday's 93.1 according to the Bank of England index.

The fresh slide in sterling is worrying the Government, as it threatens to add to inflat ary pressures by pushing costs of imported goods and materials.

The Bank intervened ag yesterday to stem the curren fall. There has however b no change in the Governme policy of intervening solely iron out erratic moveme rather than to defend particular rate.

Sterling was singled out selling on the foreign excha markets, as other major curr cies ended little changed aga the dollar.

Gold, however, fell furt to close in London at $414.5 oz, down $11 on the day and lowest since November 197

The principal reason for pressures was the mark feeling that U.S. interest r would stay high for some t This belief was strengthe yesterday as Chase Manhat increased its prime rate to per cent from 20 per cent.

Continued on Back Page
Money Markets, Page 26

Prime returns to 20½%

BY DAVID LASCELLES IN NEW YORK

THE prime rate moved back up to 20½ per cent yesterday as banks responded to the failure of interest rates to begin their long-awaited decline.

The increase in the prime, the benchmark rate charged to business borrowers, was led by Chase Manhattan, the large New York bank which is frequently at the forefront of prime rate changes. The move by Chase, which lifted its prime rate by half a percentage point, was quickly followed by First National Bank of Chicago, the USA's ninth largest bank.

Chase's move brings the prime back to the peak it reached in May, and leaves it only ½ percentage point below its all-time record set at Christmas.

Other major banks held their ground at 20 per cent, possibly reluctant to move just before the July 4 holid weekend which will shut W Street down for three da With commercial loan dema slackening off, some ban may also be anxious to rema competitive.

The change in the pri shows just how little the U credit markets have improv in the last week or two d pite signs that the econo is slowing down and inflati is easing. After registeri a brief decline last mont interest rates edged back again earlier this week.

Interest rates have stuck high levels because of t tight monetary policy bei pursued by the Feder Reserve which appears to unmoved by better news the economic and financ front, including slow growth of the money supply

French discount rate cut, Pag

Bundesbank tightens monetary policy

BY STEWART FLEMING IN FRANKFURT

THE BUNDEBANK, the West German central bank, is tightening its monetary policy a notch in spite of the continued weakness of the West German economy and the news yesterday of a further worrying rise in unemployment in June.

At its fortnightly council meeting yesterday the central bank decided to try and steer the West German money supply towards the bottom rather than the middle of the 4-7 per cent growth range for the rest of the year. The shift is a clear reflection of the central bank's concern about the continued and, in recent days, renewed weakness of the Deutsche Mark on the foreign exchange markets. Through much of this week the Deutsche Mark has been below the DM 2.40 level against the dollar, which many bankers felt would prompt the Bundesbank to take defensive action.

Earlier in the week, however, it was disclosed that the inflation rate measured by the cost of living index remained at a year-on level of 5.6 per cent in June. The continuing pace of inflation, which reflects considerable imported inflation through the now protracted decline in the value of the Deutsche Mark, is of growing concern to the central bank.

The announcement that the central bank is to aim for the lower end of its target range for money growth is perhaps the most cautious step the central bank can take to try and buttress the D-Mark and is certainly less controversial than increasing its 12 per cent "special Lombard" rate, a move which some bankers expect if the currency does not strengthen.

On the other hand, the shift in policy provides further evidence that the current high interest regime in the Federal Republic is likely to demain in place for some months in spite of recent renewed attacks on Bundesbank policy.

The news of higher unemployment in June, coupled with the contniued uncertain outlook for the economy, seems destined to reinforce criticism of the central bank. It was announced yesterday that the number of unemployed rose from 1.11m in May to 1.13m in June even though a seasonal decline was anticipated. One special factor at work was the influx of school leavers to the labour force. Herr Joseph Stingl, president of the Federal Employment Office, warned that the average unemployment rate for the year could be well over 1.2m.

There is great uncertainty about the outlook for the economy through the rest of the year and increasing fears about the impact of the high interest rate regime introduced in February. However, yesterday the Economic Ministry said that in recent months the economic climate has not deteriorated and tht both internal and external factors are contributing to an improvement in the underlying situation.

While many economists would agree that there have been signs that the recession may have bottomed out there is still no widespread certainty on this score. Dr Wilfried Guth, the co-speaker of the board of the Deutsche Bank, West Germany's biggest commercial bank said yesterday that he viewed forecasts of an economic upswing in the second half of the year, as "risky."

He added that even if the improved April trade figures were evidence of an improved trend there was a long way to go before the current account position was tolerable. The currency markets have been awaiting the publication of the May trade and current account figures for some days.

Paris firmly against extradition of Basques

By Terry Dodsworth

THE SPANISH Prime Minister, Sr Leopoldo Calve Sotelo, failed yesterday to change the French Government's tough line on extraditing Basque militants wanted for trial in Spain.

After a day of talks in Paris, however, Sr Calvo Sotelo appeared confident that promised French measures to crack down on cross-frontier terrorism would be effective. Further discussions on this issue are to be held next month between Spanish ministers and M Gaston Defferre, the French Minister of the Interior, and M Robert Badinter, the Justice Minister.

France's position on extradition was clearly outlined yesterday by M Pierre Mauroy, the Prime Minister, who said it was the country's duty to continue giving protection to refugees. This concerned not only Spain, he added, but every other country.

The Prime Minister's stance reinforces the position taken by M Claude Cheysson, the French Foreign Minister, on a recent visit to Madrid. On that occasion he emphasised France's determination to fight terrorism, but stressed that shelter for political refugees was a fundamental principle.

The new Government's opposition to extradition is a change from the policy adopted by former President Valery Giscard d'Estaing, whostoppe d giving refugee status to Spaniards in 1979.

While promising to reinforce frontier controls to prevent terrorists from working from French territory — measures likely to be clarified in the talks next month—the new Government has nevertheless irritated Spanish opinion by failing to act on two recent court recommendations to extradite wanted Spaniards. Under French law, the Government has the final say on extradition.

On the question of France's attitude to Spain's negotiations on joining the European Community raised during two hours of talks with President Mitterrand, Sr Calvo Sotele said Spain wanted a speedy settlement.

French National Assembly begins busy two weeks

BY ROBERT MAUTHNER IN PARIS

THE NEW French National Assembly met yesterday for the first time since President Francois Mitterand's election and the Socialist landslide victory in the general election last month, for a two-week session, jam-packed with important government legislation.

The programme during the current session, due to be followed by an extraordinary session lasting until the end of July, includes a supplementary budget bill for 1981, an amnesty bill, a decentralisation bill and a proposal for the abolition of the special state security court.

The supplementary budget provides for an increase in the budget deficit from the original figure of FFr 29.4bn (£2.6bn) to FFr 56.6bn. Public expenditure will rise from FFr 617bn, projected on last year's finance bill, to FFr 653bn, thanks partly to the social and employment measures taken by the new Government.

However, M Laurent Fabius, the Budget Minister, has claimed that as much as two-thirds of the supplementary credits which the Government will ask the National Assembly to approve are acounted for by a revaluation of the original spending estimates. Thus, public debt repayments, government interest rate subsidies and unemployment benefits were all underestimated by the previous administration, according to M Fabius.

The proceedings started in light-hearted fashion with the traditional opening speech by the doyen of National Assembly deputies, the 89-year-old M Marcel Dassault, head of the renowned aircraft company and advocate of simple solutions for complicated economic problems.

Bemused new deputies, unfamiliar with the eccentric style of the designer of the famous Mirage aircraft, heard M Dassault expound his very personal remedies for unemployment.

He regretted that the President's police outriders used Japanese or West German motorcycles and that all the cameras on sale were Japanese or American, despite the fact that they were invented by a Frenchman. Women, who were very qualified for delicate mechanical work, should be used for making photographic equipment, thus reducing unemployment.

A good way of propping up the franc would be to organise another universal exhibition in Paris, which would attract millions of foreign visitors and foreign currency.

M Dassault's one-man show was not appreciated by many Socialist and Communist deputies, some of whom described his performance as "undignified" and "scandalous." But the assembly quickly got down to the more serious business of electing its new President, M Louis Mermaz, the Socialist Party's candidate, who succeeds M Jacques Chaban-Delmas, a former Gaullist Prime Minister.

M Mermaz, aged 50, a former university history professor who has been one of President Mitterrand's closest friends and political companions for the past 25 years, was elected in the first ballot by 295 votes against 149.

Commission attacks Italy's economic policy

BY JOHN WYLES IN BRUSSELS

THE European Commission yesterday fired a stinging broadside at Italian economic policy and demanded fundamental changes in the procedures and administration of public sector financing.

In addition, the Commission warned that it would not authorise any extension of the mandatory import deposit scheme introduced by Italian Government at the end of May in a bid to curb its spiralling balance of payments deficit. The Commission asserts that no such scheme "can lead to a correction" of the country's fundamental problems.

Introduction of the import deposits triggered a detailed investigation by the Commission, which is required by the Treaty of Rome to recommend policy changes to deal with the underlying problems when a member state takes such unilateral action.

The Commission does not hide its exasperation at Italy resorting to import deposits for the third time in seven years. But the severity of its rebuke suggests that it is saying some of the things which Rome wants to hear in order to help rally domestic opinion behind new austerity measures.

The report implies that Italy was not justified in levying the 30 per cent deposits when its balance of payments problems, though serious, are not as bad as in some other member states. It says that the real problems stem from the lack of control over "public and company sector" spending.

On the public side, too much spending stimulates consumption and "certain parts of the Treasury are insufficiently controlled, as witness for example the recent evolution of the Treasury borrowing requirement." Wage indexation is held responsible for many of the private sector's problems and as a source of overall inflation.

Implicitly, the Commission urges strong curbs on the indexation system and then goes on to spell out "the necessary measures in order that public finances cease to burden the administration of short-term economic policy with a constant and disturbing threat."

The urgent recommendations include:

- Every effort to observe the 1981 public sector borrowing limit of L37.5bn.
- Strict limits on local and regional authorities' liquid deposits in the banking system as a first step towards building "the unity of the public sector Treasury."
- An end to the Bank of Italy's practice of buying up at the time of issue Treasury bonds and certificates not taken up by the banks or public.

The Commission also wants the Government to prevent approval of new expenditure not covered by the budget, to extend the ability of local authorities to control taxes, better administration and knowledge of budgetary flows

UK cautious on Afghan initiative

By Margaret van Hattem, Lobby Staff

THE BRITISH Governmenti s regarding with extreme caution and some confusion the signals being put out by Soviet leaders about the European initiative on Afghanistan which Lord Carrington, the Foreign Secretary, will press in Moscow next week.

Lord Carrington is expecting a cool reception and little positive response to his two-stage plan, now backed by the EEC, for an international conference on Afghanistan.

Some encouragement is taken from comments made by Soviet leaders to Herr Willy Brandt, the former West German Chancellor, in Moscow this week, to the ffect that they could accept a political solution in Afghanistan based on security guarantees for that country.

Signals from other quarters, however, appear far less optimistic.

Anything short of an outright Soviet refusal to discuss the possibility of an international conference with Lord Carrington next week is likely to be regarded as a step in the right direction.

He is believed to have been concerned that all previous initiatives were running out of steam and to have proposed the latest one mainly to keep the pot boiling.

Bank lowers discount rate

PARIS — The Bank of France yesterday cut one of its main interest rates from a record 22 per cent to 19.75 per cent, confirming the new socialist Government's intention to make credit cheaper. The bank's decision to lower the rate at which it discounts Treasury bills for seven days followed Monday's reduction of the rate for short-term loans between banks from 20 per cent to 19 per cent and cuts in bank base rates.

The discount rate had risen in several steps from 12.25 per cent in April, before the first round of the presidential election, to 22 per cent after M Francois Mitterrand's second round poll victory on May 10.

Earlier this week the Government, faced with business demands for cheaper credit, reduced the amount commercial banks have to deposit with the Bank of France, making a further FFr 20bn (£1.8bn) available for lending.

Reuter

Brussels announces steel output curbs

BY OUR BRUSSELS CORRESPONDENT

THE EUROPEAN Commission yesterday announced its toughest clampdown so far on European Community steel production, in an effort to underpin steelmakers' efforts during the third quarter to raise prices by 15 to 20 per cent.

After an agreement between th Ten governments last week some 70 per cent of the industry's finished products are still subject to mandatory quotas which first came into effect last October.

With prices still soft, the Commission said yesterday that output of products derived from coils would be reduced by between 17 and 28 per cent in the third quarter, and that deliveries would be cut by between 23 and 31 per cent.

Although coil derivatives are the main products now covered by mandatory quotas, merchant bars and reinforcing bars are also inside the system. Output of these products over the next quarter will be 30 per cent down on reference production and deliveries reduced by 35 per cent.

Tikhonov call for greater integration in Comecon

BY ANTHONY ROBINSON, EAST EUROPE CORRESPONDENT

SOVIET Premier Nikolai Tikhonov has called for greater integration between members of Comecon, the 10 nation Communist economic bloc, and praised the Soviet role as supplier of energy and raw materials.

Soviet supplies of oil and energy had helped to limit the impact of the world energy and raw materials crisis upon the economies of the Soviet Union's Comecon partners.

Hungarian Premier Gyorgy Lazar was less sanguine about the state of Comecon and made a veiled appeal for more energy supplies from the Soviet Union and higher prices for the agricultural and other products which Hungary exports in return. He also called for improvements in the role of the transferable rouble and said: "We must develop the financial, price and economic factors in Comecon."

Apart from the ten full members, Afghanistan, Angola, Ethiopia, Laos and North Korea were present as observers while Yugoslavia has asociate status.

Yugoslavia's relationship with Comecon is a very special one. Over the past two years the high rate of domestic inflation, currently running at 52 per cent, has greatly reduced Yugoslavia's ability to compete in western markets despite last year's renewal on favourable terms of its special five year trade agreement with the EEC. The attitude of EEC countries to Yugoslav exports compares dramatically with that of the Soviet Union and other Comecon countries.

Soviet buyers are reported to have bought whole warehouses full of Yugoslav gods for export to the Soviet Union while Soviet oil shipments have been increased to 6m tons, 50 per cent of Yugoslavia's total oil import needs. A recent trade protocol provided for a further expansion of Yugoslav-Soviet trade to over $30bn over the next five years.

This trend is reflected in a 55 per cent increase in Yugoslav trade with Comecon over the first part of this year. Last month the Yugoslav deputy Premier, Mr Vone Dragan, warned Yugoslavs that over-reliance on trade with Comecon could jeopardise Yugoslavia's non-aligned status and urged exporters to make a greater effort in western markets.

Holiday gift for Portugal's parliamentary deputies

BY DIANA SMITH IN LISBON

PORTUGAL'S 250 parliamentary deputies had a marathon meeting lasting 23 hours 50 minutes before a three-month reccess and gave themselves a going-away present: a 93 per cent rise in their monthly fees to Esc 69,000 (£483).

The only deputies to vote "aye" were the ruling Democratic Alliance of Social Democrats, Christian Democrats and Monarchists, with a 16-seat majority. Socialists abstained, Communists said "nay."

Portuguese workers have been asked to restrain wage claims this year to 16 per cent. The Socialists and Communists vie for status as the true workers' party.

Having raised their own fees whether they liked it or not, the Democratic Alliance and Socialists joined forces to give the austere President of the republic, Gen Antonio Ramalho Eanes, an unsolicited gift: a mammoth salary increase and allowances that would pay him Ssc 200,000 (£1,640) a month.

The presidential palace swiftly declared that Gen Eanes was highly reluctant to accept this rise. Such self discipline may explain why, despite efforts by prominent members of the Democratic Alliance to denigate the President's image, a nationwide opinion poll has just declared him the country's most important (52 per cent) and sympathetic (29 per cent) political figure. His detractors meanwhile did bady in the polls.

The Portuguese public is patently irritated by the parliamentary wage rise. Its elected representatives have met infrequently, been slow to handle important legislation and quick to vote express confidence or condemnation of other countries' affairs.

The national minimum wage is Esc 9,000 (£73) a month.

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Economic plan offers little hope to Poles

BY CHRISTOPHER BOBINSKI IN WARSAW

POLES WERE offered little hope of quick economic recovery in a government programme outlined yesterday to parliament by the new planning chief Mr Zbigniew Madej the Deputy Premier.

Mr Madej told the meeting that, given "average external conditions," agricultural production would be back to the levels of the late 1970s in two to three years. Industrial production would recover in three to four years he said, but it would take five years for the national income to recover to pre-recession levels.

Mr Madej said 1986 should see the start of a drop in Poland's external debts. But he reminded his listeners that "in economics only facts count and not mirages" and these dates "could either shorten or lengthen."

Mr Madej gave no detailed figures in the plan, which is as yet unpublished, and which has now been passed to parliament for discussion in committee. It is, however, understood that they are in line with plans revealed to Western bankers and governments in this year's debt-rescheduling talks.

Referring to these, Mr Madej said: "They are taking longer than at first hoped, but we expect that soon they will come to a successful conclusion." Mr Madej reiterated the Government's commitment to introducing economic reforms. The stabilisation plan, he said, would concentrate among others on increasing agricultural production and cutting down on wasteful use of raw materials. Coal production should be increased and plants consuming inordinate amounts of energy and raw materials closed, he said. "If such steps are not undertaken at once, then no one will be able to stop the slide towards catastrophe."

On January 1 next year, prices paid by industry will be raised, he said. Consumer price increases were also essential and Mr Madej suggested two courses of action on which the public should be consulted: one large increase in the coming months or gradual increases over the next few years. Mr Andrzej Jedynak, a Deputy Premier, yesterday also presented the preliminary draft of new laws on workers' self-government and on the rights and responsibilities of individual enterprises.

Parliamentary committees will now work on the drafts to clarify the role of management vis-a-vis workers in decision-making and the exact extent to which a company is to be independent of the central authorities. The present draft is unclear on these points.

Solidarity trade union has also said it wants to be consulted on the workers' self-government law.

Reuter adds from Tokyo: Japan is expected to sign an agreement with Poland today to reschedule a Polish debt of about $100m, Foreign Ministry officials said.

Concern grows in Austria over Polish refugees

BY PAUL LENDVAI IN VIENNA

THE UNPRECEDENTED number of Poles seeking political asylum is causing growing financial and social problems in Austria. By the end of June, almost 5,000 Poles were registered with the Austrian police, more than double the figure for the whole of last year and 200 a day are asking for refugee status.

Thousands more Polish tourists are waiting here for the outcome of the crisis in their country.

Austria is the only Western European country which does not insist on entry visas for Poles and Mr Erwin Lanc the Interior Minister, has denied strongly that the Government is planning to introduce them. Nevertheless, the police are increasingly concerned about their inability to provide the refugees with accommodation and food.

The Poles have exacerbated the usual summer influx of thousands of Czechs and Romanians who choose to stay in Austria. As a result, the number of refugees from Eastern Europe jumped from 3,400 in 1978 to 9,259 in 1980.

In the first six months of this year numbers have leapt 180 per cent and the Interior Ministry estimates that the total for the year could be 12,000-15,000 refugees.

This year, Austria was planning to spend Sch 300m on refugees, compared with Sch 173m in 1980 and Sch 117m the previous year. But in view of the influx, the figure will be much higher.

Most of the refugees want to travel to other countries, primarily Australia, Canada and the U.S. For this reason the Austrian Government has issued urgent appeals, first privately and now publicly, to those three countries to speed up their immigration procedures

Anxiety is growing in the EEC about economic priorities, writes **John Wyles** from Brussels

Unemployment steals some limelight from inflation

IS THE European Community turning "wet" on economic policy after nearly two years of stern emphasis on the need to battle inflation through tight monetary and fiscal measures? The question is prompted by the change in tone and balance of the economic debate at this week's summit in Luxembourg and two weeks before that at the celebrated "jumbo" council of EEC finance and social affairs ministers.

The Community does not have an economic policy in the sense that member governments do. But it has a need; first recognised a decade ago, to set itself broad objectives and to co-ordinate their measures to achieve them. Agreement on the broad economic approach is necessary for the Community if it is to narrow the substantial differences of economic performance between member states. It is also politically important for the governments, since the Community policy can help legitimise a policy approach which is highly controversial within a particular country.

Previous summits have broadcast the government leaders concern about the problem, but Luxembourg signalled a possible change of priorities by stressing for the first time that "the highest priority must be accorded to co-ordinated action against unemployment and inflation."

Growing anxiety about the problem also coloured the summit's approach to external economic affairs. Fearful that the gentle recovery expected in the second half of the year may be snuffed out altogether by astronomical U.S. interest rates, the Ten agreed that President Ronald Reagan must be told at this month's world economic summit in Ottawa that the U.S. will have to start taking account of "the significant international consequences of its domestic policies."

Similarly, Mr Zenko Suzuki, Prime Minister of Japan, will be given a thinly protectionist warning at the same summit that the Community economy cannot tolerate much longer the damage inflicted on some of its industries by the "excessive concentration" of Japanese exports.

Thus, the strongly monetarist approach of Mrs Margaret Thatcher, Britain's Prime Minister, has benefitted from a politically important echo at the last four EEC summits which have stressed a reduction of inflation as the Community's first priority and tight fiscal and monetary policies as the means to achieve it. This consensus was borne of crucial agreement between the UK, France and West Germany although it was recognised that the required severity of fiscal and monetary controls would vary from country to country.

Mrs Thatcher and M Mitterand . . . opposing camps

After recent discussions, however, a cursory reading of the entrails suggests to some observers that the balance of economic consensus is swinging towards a growing readiness to ease off in the inflation battle because the army of the unemployed is swelling to unacceptable proportions.

At Luxembourg, Mr. Anker Joergenson, Prime Minister of Denmark (unemployment rate 8.2 per cent), warned of the social dangers of current trends, Belgium's Mark Eyskens (11 per cent unemployed) thought the problem "unbearable and getting worse," while for France (7.7 per cent) President Francois Mitterrand argued that getting people back to work was the Community's "priority of priorities."

All governments are agreed, therefore, that present levels of unemployment pose major social and political problems and that the external economic environment is making things worse. They are also agreed—although some (France and Denmark) want to deliver the lecture more publicly than others—that U.S. interest rates are a serious threat to renewed growth.

Where they differ is on what can be done to improve the situation given high inflation and virtual stagnation. There are broadly three camps. At one extreme there is Mrs Thatcher, supported somewhat taciturnly by Chancellor Helmut Schmidt, of West Germany, saying there is no prospect of a jobs recovery without first reducing inflation, boosting investment in industries offering new growth prospects and raising the competitiveness of industry.

Then there is President Mitterrand, who does not quarrel with the inflation point, but as a good socialist is talking vaguely of new EEC initiatives to raise investment and create jobs.

In the middle, are the smaller countries which do not really disagree with either camp

The debate between the two extremes is not in any way about reverting to traditional measures to stimulate economic demand. No EEC government, with the exception of France whose public sector deficit is relatively very small, believes that it dare take the risk of boosting public spending. Most (Denmark, Belgium, the Netherlands, Italy, Britain and, soon, Ireland) are all battling desperately to control and reduce the share of government borrowing and lending in their national economies.

At the same time as srying to shrink the overall size of the public sector spending, most governments are also earmarking more money to boost investment and job creation and want the Community to do so too. Mrs Thatcher appears somewhat out of step because she is obviously sceptical about the usefulness of Community initiatives in this area, given the pressures on the small EEC budget (less than 1 per cent of Community gross domestic product) and the absence of a convincing strategy for Community-led regeneration.

It seems unlikely, however, that she will oppose on ideological grounds any credible EEC approach for, say, encouraging the growth of new high technology industries. She will not, of course, ever be as devoted an interventionist in the economy as President Mitterrand whose 35-hour week gospel did not, significantly, win any noticeable converts in Luxembourg this week.

M Mitterrand's arrival means that we shall be hearing less about the need for tight monetary and fiscal policies and more about the need for the Community actively to promote social and economic recovery. It is unlikely to mean that member governments, least of all France with its 13 per cent inflation, seriously means to relegate the inflation battle to a lower priority. Mrs Thatcher opened her press conference in Luxembourg by stressing how seriously concerned everyone is about unemployment. The lady is not wet.

Journalists in Iran accused of spying

By Terry Povey in Tehran

ALL FOREIGN journalists working in Iran are involved in spying, the newspaper of the country's ruling party claimed yesterday.

In an editorial entitled How to Gather Information dealing primarily with internal *opponents of the regime*, the newspaper of the Islamic Republican Party attacked foreign journalists.

The editor of the Islamic Republic newspaper is Mr Hussein Moussabi-Khamenie, who was recently nominated for the post *of Foreign* Minister by Prime Minister Mohammed Ali-Rajai. Although unsigned the editorial is thought to represent the opinion of many Iran leaders.

"Experience has shown that foreign journalists are the information agents most to be feared," said the article. "*The speed of their work* is unimaginable under the name of working for a certain agency they work for Radio Israel, Radio Iraq and other *spying organisations*."

The editorial advised those who can to try and obtain *information about opposition* activities and those of foreign journalists. Informants were *urged to act casually while* carrying out their surveillance.

● Iran's Central bank has asked all banks, companies and *government departments* to inform it of their holdings in the U.S. before July 5. According to the circular issued by Dr Hossein Mohesn Nourbakhsh, bank governor, this date cannot be extended.

The Algiers agreement which ended the 14-month hostage crisis in January specified July 19 as the date *when Iran's assets should be* transferred out of the U.S.

Our Foreign Staff writes: Dr Nourbakhsh was erroneously included as one of the fatal casualties in lists issued after the explosion that killed more than 70 *leaders of the ruling Islamic* Revolutionary Party in Tehran on June 28.

Religious party reveals doubts on joining Begin

BY DAVID LENNON IN TEL AVIV

COALITION NEGOTIATIONS over the formation of the next Israeli Government intensified yesterday, with Mr Menahem Begin, the Prime Minister, apparently *suffering a slight* setback as the key National Religious Party (NRP) expressed second thoughts about Wednesday's commitment *to join his proposed* coalition.

The four small religious parties which hold the balance of power in the Knesset (parliament) after the photo-finish between the ruling Likud and opposition Labour parties in Tuesday's general election were assessing their bargaining positions yesterday, as well as holding consultations with the two *major* parties.

The NRP, expected to hold six seats when the count was completed yesterday, raised the possibility that it would not join Mr Begin's proposed coalition but support it in parliament from outside the Government. A *day previously* its leader, Dr Yosef Burg, said after meeting the Prime Minister that he felt the *outgoing Government coalition* alliance would continue.

Leaders of the ultra-orthodox religious party Agudat Israel, met Mr Begin yesterday. Before the meeting, the party's leader, Rabbi Menahem Porush, said it would be demanding a stricter *enforcement of the* Sabbath observance laws and an application of more biblical laws to the modern state of Israel.

Insisting that all Jews should live according to biblical precepts, Rabbi Porush said: "We should be recognised as the same class of citizens as secular people." He objected to religious Jews having to watch others *desecrate the Sabbath by work.*

Agudat Israel is expected to finish with five seats and is being assiduously wooed by both Mr. Begin and Mr. Shimon Peres, the Labour Party leader. The Labour Party is hoping to persuade Agudat Israel not to *support the Likud, which* is much more hawkish on foreign and security issues than the rather *dovish ultra-orthodox* party whose sole concern is to extend the religious legislation in Israel.

It was clear that the two main religious parties, as well as the other two smaller ones which *together hold* a crucial 14 to 15 seats in parliament, intend to use their position to extract the broadest concessions possible in return for their support.

Labour won *at least 49 and* possibly 50 seats in the Knesset and the ruling Likud polled 48-49. They would need the support of most of the religious members of the parliament to give either of them a majority of 61 in the 120-seat Knesset.

There was no immediately obvious reason why the NRP began to backtrack from Wednesday's commitment. However, the party must be concerned *over losing half* its parliamentary seats in the election, and may feel that over-identification *with the hard line Likud block* during the past four years of coalition may have disappointed some party supporters, which had previously been noted for its pragmatic approach to foreign and security issues.

Votes are still being counted, and the final official results will *not be published until* next Tuesday. Because of the closeness of the two main parties, one or two seats awarded to them or to some of the minor parties may be crucial in the coalition-making process.

Mr Begin still appears to have by far the best chance of forming a coalition, based broadly on his out-going Government, but the Labour Party has not abandoned hope of spoiling his *chances*.

Even if the Likud succeeeds in constructing a narrowly based majority of 62 or 63 seats, the opposition Labour Party will *harass it in Parliament*, try to bring down the Government, and force new elections.

Soviet naval build-up 'a warning to Israel'

The Soviet Union's naval strength in the Mediterranean is at its highest level for *about four years, including 53* vessels, and it may be preparing an amphibious landing exercise on the Syrian coast, AP reported yesterday from *Washington quoting* U.S. intelligence officials. They said the manoeuvres, if they occur, would be made with Syrian forces.

A *Soviet practice landing*, presumably by naval infantry, would be regarded as a warning to Israel against direct military action against Syrian anti-aircraft missiles in southern Lebanon.

Mr Menahem Begin, Israel's *Prime Minister, has warned* that Israeli forces may move if diplomatic efforts to resolve the dispute fail.

Pertamina 'price cut'

Pertamina, the Indonesian State oil company, has cut by 25 cents a barrel the premium on Sumatran light crude shipped to Japan. Japan's Far Eastern Oil Trading Company said. Reuter reports from *Tokyo. The new premium* will be $1.25 a barrel, making a total price of *$36.25 it said.*

New diplomatic link

Malawi and Mozambique have established diplomatic relations at Ambassadorial level, a Malawian Foreign Ministry official said, Reuter reports from Lilongwe. The two Governments were confident the move would "contribute even *move would contribute even* more towards better understanding and deeper apreciation of each other's interests to the mutual benefit of both," he added.

Lebanon peace move

Lebanese and Syrian leaders yesterday reviewed the latest efforts to restore peace to Lebanon, but snipers halted an attempt to reopen a *crossing-point in the divided* capital, Beirut. In Damascus, Lebanon's Foreign Minister, Mr Fuad Butros, had talks with President Hafez Al-Assad of Syria on a meeting of Arab Foreign Ministers next weekend.

Zaire seeks new debt re-scheduling

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

ZAIRE faces a difficult meeting with its Western government creditors in Paris next week at which it is expected to ask for a further rescheduling of debt *already rescheduled in the last* five years.

This is despite the successful conclusion last week of SDR912m ($1.06bn) extended fund facilitiy credit agreement with the International Monetary Fund (*IMF*).

Figures understood to have *been* established in connection with that agreement show Z'aire's expected debt service requirements *in 1981 including* the payment of both interest *and capital*, are about $790m.

Even taking an optimistic view of copper prices for the rest of the year—copper *is* a key Zairean export — the country's *balance of* payments prospects are expected to leave only about $325m available to service the debt.

Some $270m of the debt *service requirement* covers payments that cannot be deferred, because they are owed to official organisations such as the IMF, or they represent interest due on commercial bank debt already rescheduled, or they are due on credits to Western governments for which disbursement is not yet complete.

Once *these payments* have been met Zaire would be left with about $65m to meet debt service requirements of some $525m on Western government *credits*.

Of this total, about $62m *cover* payments on debt rescheduled in 1976-77 and $146m on debt rescheduled in 1979.

Zaire is left with little option to ask its Western government creditors to defer repayment of *this debt yet again* when it meets them in the framework of the Paris Club next Wednesday and Thursday.

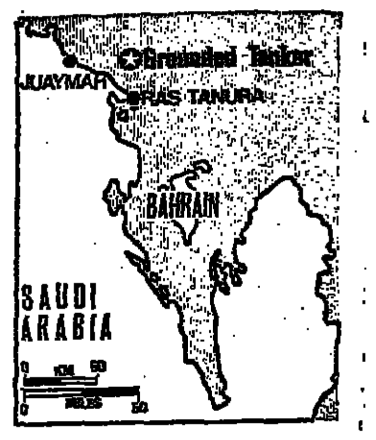
This runs strongly against the principles of the Paris Club which groups Organisation for Economic Co-operation and Development creditor governments, the World Bank, IMF and the United Nations Commission for Trade and Development. The request is bound to be highly controversial.

Some governments concerned — France, Belgium and the U.S. are thought to be the largest creditors — *face stringent* budgetary restrictions at *home* and this may add to their lack of enthusiasm.

Zaire is expected to press its case on the grounds that it has made considerable economic sacrifices already. Its officials are thought to believe that rescheduling the debt would help to avoid social tensions as well as contributing to the restoration of an economy that produces vital strategic commodities for the *West.*

Bid to refloat tanker fails

BY MARY FRINGS IN BAHRAIN



A 235,000 dwt Spanish-owned oil tanker, the Barcelona, carry*ing 1.7m barrels of* Arabian light crude oil, spent its third day grounded on a sandbank in the Gulf off the Saudi Arabian coast yesterday, despite determined efforts to free her.

Fears for the safety of the vessel subsided somewhat after she had survived a critical low *spring* tide late on Wednesday night without breaking her back.

A salvage contract has been signed but attempts to transfer the cargo and refloat the ship may not get underway again until tomorrow.

The Barcelona is reported to have settled deeper into the mud after a vain attempt to refloat her yesterday.

While attempts have been made to pump water from the Barcelona's damaged forward tank into the lighterage vessel Oriental *Majesty*, which has been brought alonbside, small pumps have slowed the pace of work. It is believed that none of the Barcelona's 200,000-tonne oil cargo has been transferred.

SMIT International has been given the contract to salvage the Barcelona. Its salvage barge, Magnus *III, is due to sail from* Bahrain today but as it is required to clear Customs at Ras Tanura, arrival alongside the *stricken* tanker could be delayed until tomorrow

Mothballed Zimbabwe refinery stake offered

SALISBURY—Aminoil, the U.S. independent oil company based in Houston, Texas, is seeking to sell its 15 per cent stake in Zimbabwe's Feruka oil refinery. The decision could give the Zimbabwe *Government an* opportunity to take a share in the operation, and pressurise the operating consortium into bringing it back swiftly into production.

A spokesman for the consortium, *which consists of seven* major oil companies, announced yesterday that Aminoil, formerly the American Independent Oil Company, had told the Government and the other six members of the consortium that *it wished to dispose of its stake* in the refinery outside Umtali, on the Mozambique border.

The plant has been out of commission since 1966, when its *crude oil supplies through* the oil pipeline from Beira were cut off by the United Nations sanctions *against the former* rebel British colony of Rhodesia.

The Zimbabwe Government has said repeatedly that it in*tends to take a stake in* Zimbabwe's strategic industries, and has accused the consortium of delaying the re-equipment of the refinery.

The consortium, Central Africa Petroleum (Capref), *comprises Shell and BP, holding* 40 per cent of the shares as well as Mobil, Total, Caltex, the Kuwait National Petroleum Company and Aminoil.

When the pipeline, owned by the London-based Lonrho company, was cut off the then Rhodesian Government turned to South Africa for fuel supplies, smuggled in defiance of the UN embargo. Zimbabwe still depends on South African *refineries for its fuel.*

The Government has said it believes the 180-mile pipeline from Beira to Feruka *will* be operating again by the end of the year after repairs necessitated by years of disuse. It will pump refined products until Feruka is ready to receive crude oil, Ministers have said.

The rehabilitation of Feruka is a sensitive issue in Zimbabwe. There has been no indication of when it might begin operating and the Government is studying *a consultant's report* which estimates repairs will cost $88m and take 18 months.

In February Prime Minister Robert Mugabe announced that *if there was no clear indication* by the end of May of progress towards reactivating Feruka, the Government would have to act unilaterally.

IMF demands caused riots in Casablanca, **Francis Ghiles** writes

Morocco faces difficult choice

King Hassan: caught between the IMF's prescriptions and fear of renewed rioting.

THE MOROCCAN Government faces a difficult and dangerous choice following last month's bitter riots in Casablanca. It must decide whether it will adhere rigidly to its much needed agreement with the *International Monetary Fund* even though the stiff conditions imposed on Morocco by the Fund were the direct cause of the rioting.

In one of the IMF's most ambitious attempts to rescue a developing country from severe balance of payments difficulties, an accord was signed eight months ago which gave Morocco a $1bn three year standby credit. But one of the conditions *of loan* was a cut in the country's budgetary expenditure.

The Fund insisted on the phasing out of subsidies on foods such as flour, butter, cooking oil, sugar and milk by 1983. The drastic impact of *such a move can be judged* from the annex of a recent World Bank report on Morocco which estimated that 7m of Morocco's 20m people live below the World Bank's absolute poverty line.

The majority of Moroccans spend two thirds of their income feeding themselves and their staple diet consists largely of the five items whose price the Government intedted to increase.

In addition, the number *of* people in the slums has been swelled in recent months by peasants leaving the countryside after the worst drought Morocco has seen this century. As much as one third of all livestock has been slaughtered and local shortages of flour towards the end of last winter had *already led people to stock up.*

Nevertheless, the Moroccan Government announced on May 28, without prior warning or consultation, that the price of the five basic food items—flour, butter, milk, sugar and cooking oil—would be increased by 40 per cent. There were immediate protests. Opposition MPs and the trade unions, the Confederation Democratique du Travail and the Union Marocaine due Travail, got the increases halved after tough negotiations.

Even so, any increase was bound to leave many of the slumdwellers even worse off. The impact of the price increases was worsened by the fact that they fell just before the holy month of Ramadan when there is heavy buying of *food* for use in the celebrations which come at the beginning and end of the fast.

The two leading trade unions called for a general strike but *were not prepared for the riots* which broke out on June 20-21. They started when children stoned buses which the authorities tried to keep operating during the strike.

The police were called in but were rapidly swamped by the rioters. They were reinforced by troops with tanks and *machine guns who finally* quelled the riot after 24 hours street fighting. Doctors who treated casualties suggest that the figure of 637 dead published *by the main opposition party* is close to the truth. Some 500 union officials and opposition party members have since been arrested.

The Moroccan Government *is* caught between the need to follow the IMF prescriptions and the fear of renewed rioting. It also has to shoulder the burden of a $1bn annual oil bill.

At the same time, the war against the Polisario guerrilla group in the Sahara has proved increasingly costly. Morocco was forced to make its first *highly* qualified concession on the issue when it announced at the recent Organisation of African Unity summit in Nairobi that it was prepared to consider *a referendum on the future* of the Western Sahara.

In 1977 President Sadat of Egypt had to backtrack on cuts in subsidies, implemented on IMF insistence. If King Hassan is forced to take the IMF's medicine he could put his own throne in danger.

Two-in-cockpit ruling for new airliners

BY IAN HARGREAVES IN NEW YORK

A TASK FORCE appointed by President Reagan yesterday ruled that a new generation of passenger jets, including the European Airbus A-310 could be operated safely with two rather than three crew members in the cockpit.

The ruling is an important victory for the airlines, which are eager to lower crew costs, and for the aerospace companies, which feared their new products would be less attractive if operators were forced to have three people on the flight deck.

The loser in the ruling is the airline pilots association, which has argued that a significant safety risk is entailed in reducing crew sizes. The union was successful in persuading President Reagan to set up the task force to review a decision by the Federal Aviation Authority to permit McDonnell Douglas's DC9 Super 80 aircraft to be flown by two people.

The DC9-80 was the focus of the 120-day inquiry, headed by Dr John McLucas, a former administrator of the FAA. But the committee extended its findings to include the Boeing 757, the Boeing 767 and the Airbus A-310 in its list of aircraft suitable for two-man operation.

The airbus and Beoing aircraft are not yet in service and will require normal FAA certification before they can fly, but the recommendation of the task force makes it likely that a two-man crew will become the norm in these aircraft.

The airlines and the manufacturers have argued that advances in aircraft electronics and cockpit layout, along with better support by ground control staff, have made a third crew member redundant.

The 180-page report said the extra crew man was not justifiable in terms of safety, although it went on to call for a series of improvements in safety procedures, including the recommendation that pilots should be subject to fewer distractions on non-essential matters when they are in the air.

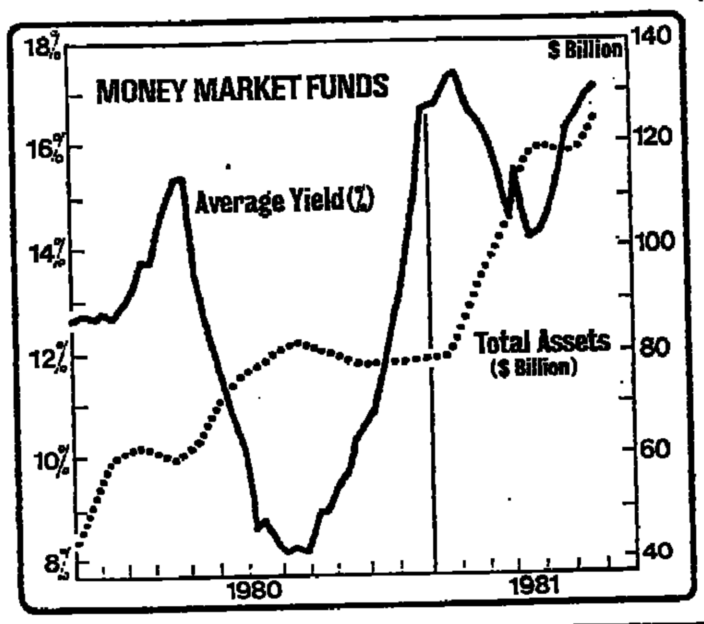
At present, 70 per cent of the aircraft flying scheduled services in the U.S. have three crew members. The main exceptions are the Douglas DC-9 and the Boeing 737.

McDonnell Douglas welcomed the task force's report as "very gratifying." A ruling in favour of a three-man crew could have seriously hurt sales of the Super-80, of which 28 have been delivered and 102 are on order.

The union said it was still studying the task force report and had no immediate comment.

The curse and blessing of U.S. money market funds

David Lascelles in New York reviews the phenomenal performance of money market funds and the current interest rates debate.



THE RISE and rise of the U.S. money market mutual funds is one of the most remarkable features of the U.S. financial scene. In less than three years they have grown bigger than the country's largest bank and there is no sign that this growth is slowing down. At the last count, they controlled $125bn of assets, equal to about a tenth of all the money held by individuals in U.S. savings and current bank accounts.

But the funds are turning out to be both a curse and a blessing, and they have stirred up a sharp controversy between the White House and the Federal Reserve Board (the Fed) over whether they should be subjected to some form of regulatory control, like other savings and investment vehicles.

They are a blessing in so far as they offer the small investor a way into the lucrative short-term money market where interest rates have been in the 17-20 per cent range for many months. Most funds are also highly liquid which makes them to all intents and purposes high yielding bank accounts.

But they are also a curse to the banking and savings industry because they are able to give returns which the traditional banking system is prevented by law from offering. They have sucked billions of dollars (quite how much is a matter of some dispute) out of the banks, leaving them with serious funding problems.

Attempts have been made at both the state and federal level to curb them either by subjecting them to various banking regulations, or obliging them to invest in securities which have worthy social goals, like housing. But they have predictably encountered powerful political opposition from more than 8m Americans who invest in them and usually belong to the country's wealthy and influential classes.

More surprisingly, perhaps, legislative moves have also failed to win the support of the banking industry which would rather be competitive through deregulation than shackling the funds with regulations.

The shackles on the banks include regulation Q, a Fed rule which limits the amount of interest that banks can pay on savings deposits. At the moment the limit is 5¼ per cent, which is less than a third of what the funds can pay, though some types of deposit are allowed higher limits. The ceilings were introduced many decades ago to discourage banks from competing for savin"s by offering unrealistically high yields. Banks must also place a proportion of their deposits with the Fed as interest-free reserves.

The Fed had hinted at its concern about the uncontrolled growth of the funds for several months. But it was not until last week that it laid out its worries in detail, and proclaimed itself in favour of limited curbs.

Mr Paul Volker, the Fed chairman, testifying to a House banking committee, said the funds created a number of problems. Apart from harming the banks' competitiveness, he said they were making it more difficult for the Fed to implement monetary policy because they upset established definitions of the money supply and blurred the distinction between money and investment.

Mr Volcker noted that some money funds can even be tapped with a credit card as more financial institutions offer cash management accounts of the kind pioneered by Merrill Lynch. These combine the features of stockbroking, bank and credit accounts. Surplus balances are automatically fed into money market mutual funds.

Given that many fund accounts are more akin to bank accounts than investment portfolios, Mr Volcker said he favoured imposing reserve requirements on those that offered privileges like cheques. This would put them on a more equal footing with the banks. But he seemed to be trying to frighten the funds into stopping these privileges rather than seeking to extend his regulatory aegis.

Mr Volcker's proposal drew a quick response from Mr Donald Regan, the Treasury Secretary. He said he opposed regulating the funds but favoured speedier deregulation of the banking industry. Although President Reagan's Administration is philosophically disposed towards deregulation, the Treasury Secretary's position appeared to owe much to the fact that, as chairman of Merrill Lynch, he ran the U.S. largest money market mutual fund for many years.

Mr Donald Regan's comments were quickly seized by the mutual fund industry which has been waging a running battle against regulation. The Investment Company Institute, the trade association, said the Volcker proposals would discriminate against small savers for whom the funds provide a much-needed service. The funds themselves have also been cranking out statistics to show that pople do not use them as bank accounts, even when they have cheques.

"The typical investor writes three cheques a year with an average value of $750. He's not paying his grocery bills with that," said the manager of a large fund in New York.

Regulation remains a distant threat. If U.S. interest rates come down in the months ahead, the funds will lose a lot of their appeal. At the same time, the financial regulators in Washington have a Congressional mandate to phase out regulation Q ceilings by 1986, which will put banks on a more equal footing.

Mr Paul Volcker

In fact, the day he gave testimony, Mr Volcker attended a meeting of the Depositary Institutions Deregulation Committee which has the task of carrying out the Congressional mandate, and whose members include Mr Regan.

The meeting decided to accelerate deregulation by one year and free banks from regulation Q in 1985. It also lifted ceilings on various types of savings certificate, effective later this year. Given that the market funds flourished because they served a need that the banks could not, these changes would appear to strike at the funds' very *raison d'etre*.

U.S. unemployment rate falls to 7.3%

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

THE seasonally-adjusted U.S. unemployment rate dropped slightly in June to 7.3 per cent —the same level as in February, March and April — after rising to 7.6 per cent in May.

But Labour Department officials were quick to warn that the decline was largely due to a technical quirk and should not be taken as a "believable trend."

Behind the apparent drop in unemployment was a substantial contraction of 1.2m, seasonally adjusted, in the labour force.

The labour force usually swells in June as school-leavers enter the jobs market, but this year, a much greater number than usual left school in May, confusing the seasonal-adjustment process.

Looked at from a longer perspective, data for the first half of 1981 showed a reasonably stable unemployment situation coupled with some growth in employment, according to the Bureau of Labour Statistics. The overall jobless rate was 7.4 per cent in each of the first two quarters, not much different from the 7.5 per cent in the last half of 1980.

Total employment in June dropped by an unusually large 840,000 to 98.4m. But this again was regarded by officials as a freak figure — essentially a correction for increases in earlier months.

Among the 7.8m unemployed, blacks and workers of Hispanic origin again fared worse than their white counterparts. While white unemployed declined in June, the rate for blacks reached 15.5 per cent, up from May's 14.8 per cent, against just over 10 per cent for Hispanic workers.

The rate for black and other minority teenagers shot up alarmingly to 38.6 per cent from May's 33.6 per cent. But this again was influenced by the seasonal adjustment aberration, officials said.

Speedy action on tax Bill urged by key Senator

BY DAVID BUCHAN IN WASHINGTON

THE CHIEF Republican tax writer in the Senate yesterday called for prompt congressional action this month to give President Reagan a chance of starting his plan for a phased 25 per cent cut in income tax on October 1.

Senator Robert Dole said he hoped the full Senate would vote by mid-July on the tax Bill which his Senate Finance Committee has already approved by 19 votes to 1. The Republican sense of urgency reflects the ruling party's fear that the President's political momentum, built on his remarkable budget cut victories, could be lost during the August recess of Congress.

By law revenue Bills must originate in the House of Representatives. Senator Dole's strategy is to attach his tax Bill as a weighty amendment to the Public Debt Ceiling Bill passed by the House, and then to send it back to the House for action.

But since the debt ceiling does not expire until September 30 it is likely that the Democrat-controlled House will proceed first on its own version of a tax Bill.

The Democratic tax alternative, emerging in the Ways and Means Committee, calls for a 15 per cent income tax cut over two years (as opposed to 25 per cent over three) with the relief more tilted to the poor and middle income brackets.

Senator Dole returned to the defence of the 25 per cent cut, as only just offsetting an estimated 22 per cent rise in the effective tax burden between 1980 and 1984 due to inflation and higher social security levies.

His Bill was not "an income distribution plan," but it was fair, he said. Those who earned between $10,000 and $60,000 paid about 71 per cent of federal income tax and they would reap 74 per cent of the tax relief.

Economic crisis hits 40% of Argentina's workforce

BY HUGH O'SHAUGHNESSY IN BUENOS AIRES

FORTY PER CENT of the workforce in Argentine is either out of work, working only a few hours a week or engaged in activities which are marginally productive, according to a government report out yesterday.

In the industrial sector the workforce has shrunk from 1.03m in 1976 when the military seized power to only 790,000 last year. Some 28 per cent of Argentine workers are nominally "self-employed"—the bulk of whom work irregularly or part time, according to the report.

The proportion of the adult population registered as completely workless rose from 2 per cent in October to 3.9 per cent in April but the report points out that anyone who has even a few hours work a week is counted as employed. The dramatic labour figures are seen as very worrying by the government of General Roberto Viola.

In the wake of figures for bankruptcies which all but tripled in real financial terms in the first half of this year compared with the first half of 1980, the courts have decreed the bankruptcies of 19 companies in the large Greco holding company which got into difficulties last year. A company belonging to the Oddone group formerly built around the Banco Oddone whose founder Sr Luis Alberto Oddone is in prison on charges of economic subversion, has also been declared bankrupt.

Some two dozen of Argentina's medium and smaller banks are believed to be suffering liquidity crises as a result of the economic recession and may have to receive Central Bank help if they are to survive.

The car workers union is to stage a nationwide two-hour stoppage today in support of workers affected by factory closures and dismissals at Borgward and Mercedes Benz.

Meanwhile the consumer price index was announced by the Government to have risen 8.5 per cent last month.

The exchange markets continue to be calmer as the Central Bank intervenes to steady the wild speculation of recent days converting what had been a free floating rate for the peso into a "dirty floater."

WORLD TRADE NEWS

Japan and France in credit battle

BY RICHARD C. HANSON IN TOKYO

A MAJOR skirmish in the international battle over use of "mixed credits" — loan packages involving "soft" official financing — is shaping up between Japan and France in bidding for a Y40bn Tunisian cement plant contract.

Japan will consider using for the first time a new scheme, approved by the Cabinet in March. The Cabinet decision allows Japan to match concessional credits offered by other governments in competition for international plant contracts.

The scheme can be used under exceptional circumstances, when other countries ignore the OECD's gentlemen's agreement on interest rate guidelines for official trade finance.

Japanese Government officials indicated yesterday that they are prepared to counter any offer made by France (to Tunisia) with low interest, long-term buyer's credits from the Export and Import Bank of Japan.

The competition is to build, for the Tunisian Cement Corporation, a 1m tonne a year capacity cement plant at Bir M'Cherga near Tunis.

A consortium of Japanese companies led by Kawasaki Heavy Industries is bidding against two French groups, Polysius AG and Creusot Loire. Tunisia has notified Japan that the French Government has made an offer of concessional financing, though details of the French offer are not yet known.

France is believed to have made an offer involving a grant element in financing the plant's construction. Japan's Exim Bank would be prepared to offer credits covering less than 25 per cent of the cost, running at around 6 per cent a year for about 20 years. The applicable OECD guideline sets 7.75 per cent as the minimum level on loans of 10 years or less.

Japan's position is that by threatening to match mixed credits from other countries it can effectively limit their use in bids for plant orders. Japanese industry has complained bitterly over contracts lost to European countries in recent months because of alleged concessional credits.

Japan's use of a mixed credit, under the rules established in March, calls for negotiations within the Japanese Government involving both the Ministry of Finance and the Ministry of International Trade and Industry.

The Finace Ministry said publicly at the time of the Cabinet decision that it felt that mixed credits would in practice turn out to be unnecessary. MITI and the Exim Bank favour their use when it is clear that doing otherwise will lose business for Japa

Yamaha to build plant in Spain

TOKYO—Yamaha Motor, one of Japan's major motorcycle manufacturers, is to begin assembly in Spain from 1983 to offset a ban on imports manufactured outside the European Community, the company announced yesterday.

A joint project of Yamaha and Banesto, Spain's leading financial group, the plant will produce motorcycles in the 125cc, 250cc and 400cc classes.

Under the agreement, reached with Banesto in Madrid on Tuesday, Yamaha would supply motorcycle parts for an estimated 20,000 units in the first year. Production capacity would increase to 50,000 units a year by 1985.

Yamaha, based in Iwata, central Japan, said that, through production in Spain, it would expand its shipments to European nations. Last year, Yamaha shipped about 970,000 motorcycles to the EEC. Shipments reached 555,000 during the first five months of 1981.

Japanese manufacturers have captured two-thirds of the EEC motorcycle market. Honda Motors, the front runner, has already begun production in Belgium and Italy.

AP-DJ

Northrop to sell jet fighters to Switzerland in $300m deal

NORTHROP Corporation is to sell Switzerland 38 F-5 jet fighters for $300m, Reuter reports from Los Angeles.

Northrop also said Switzerland signed a licence and technical assistance agreement covering fabrication and sub-assembly of parts of the aircraft. Final assembly will be done at the Swiss Federal Aircraft factory in Emmen.

In addition, Northrop said it agreed to help Switzerland buy the aircraft by providing work for the Swiss aircraft industry and helping Swiss companies market their products throughout the world.

Michael Donne writes: Airbus Industrie, which this week revealed it was discussing with General Dynamics of the U.S. possible participation by that company on its new A-320 short-range jet airliner programme, is also discussing participation with Australian companies.

Some limited contracts for work on earlier versions of the Airbus, the A-300 and A-310, have been placed in Australia, as "offsets" for orders for orders for Airbuses placed by Trans Australia Airlines.

But proposals are now under discussion for the Australian aircraft industry to join in the development of the new 150-seat A-320 programme.

● British Aerospace said that Partnair of Oslo, Norway, has placed an order for one Jetstream 31 "commuter" airliner, with an option on a further aircraft.

The value of the order, including support services and spares, is over £2m. Delivery of the first aircraft to Partnair is scheduled for October, 1982.

This order brings the total Jetstream 31 sales and options to nine aircraft (four firm and five options). Previous orders have been placed by Mall Airways of Albany, New York, and Contactair of Stuttgart, West Germany.

Peru drops oil price on two shipments for Japeco

BY DOREEN GILLESPIE IN LIMA

JAPAN has agreed to pay Peru $33.25 a barrel on two shipments of oil totalling 1¼m barrels to be made between July and September.

Although lower than the $38 a barrel Japan paid for earlier shipments this year Petroperu feels the price is favourable in view of dropping international prices.

Agreement was reached after negotiations in which Japan started with an offer of $31 a barrel.

Deliveries are part of an agreement reached between Petroperu and the Japan Peru Oil Company (Japeco) earlier this year for delivery of 16,000 barrels a day of crude oil over a six-month period from the beginning of April to the end of September.

Deliveries are in repayment of a $400m loan made by Japan to Peru in 1974 to help finance jungle exploration and construction of the north Peruvian pipeline.

Negotiations for further shipments between September this year and April next year are to be resumed with Japeco on July 20.

Petroperu is also negotiating a price with Marathon Petroleum of the U.S., which won a tender mid-June for a one-year contract to deliver 12,000 barrels a day.

The two contracts take up practically all Petroperu's export surplus

Textile plant investment rises

BY RHYS DAVID

INVESTMENT in textile machinery around the world remained bouyant last year in spite of the recession in demand for textiles in many markets. The EEC increased its purchases of spinning and weaving machines.

Figures collected by the International Textile Manufacturers Federation in Zurich from the main machinery producers show a 9 per cent rise in shipment of spindles to 3.5m and a 7 per cent increase in rotors—the main alternative spinning method—to 667,000.

Deliveries of the newer shuttleless types of looms, which have a high output at fast speeds, were up 22 per cent at 37,000, overtaking the older less productive shuttle looms—down 28 per cent at 25,000—for the first time.

The cumulative figures contained in the report for machinery shipments from 1974 to 1980 confirm the growing dominance of Asia as a textile supplier, taking more than half the 19.5m spindles delivered over that period.

The next biggest region was South America (10.2 per cent) followed by Africa (9.8 per cent) and the EEC (9.4 per cent). India alone accounted for 17 per cent of all spindles delivered, followed by South Korea and Brazil with Italy—the EEC's most successful textile producer of recent years—in fourth place.

Three other European countries—Greece, Germany and Spain—were among the top 20 buyers of spindles in the period. Each of these countries accounted for just over 2 per cent of total sales.

Last year as in previous the Soviet Union dominated the much smaller market in rotor spinning equipment—suitable mainly for spinning coarser types of yarn—accounting for 70 per cent of total deliveries. In the past seven years the Soviet Union has installed 57 per cent of rotors sold around the world. The second biggest purchaser, the U.S., accounted for less than 6 per cent.

Hong Kong takes its profits in time

BY KEVIN RAFFERTY IN HONG KONG

WHICH COUNTRY makes the most watches in the world? Not Switzerland, the traditional home of watchmaking. Not Japan, the modern leader in electronic and quartz digital timepieces. The answer is Hong Kong, which turns out [illegible] watches out of the annual world total of 300m.

Switzerland and Japan are still ahead in terms of value, but one of the big Hong Kong watchmakers reckons that the tiny British colony is going to increase its share of the world's watch trade to two-thirds.

One company alone—Teleart—last year made 7m watches. If you bought one, it is unlikely, however, you would realise it was turned out by Teleart. The company makes and sells under 40 brand names, including Sekonda, Dixon, Gus, Texas Instruments and Sanyo. Teleart is typical of Hong Kong's companies in that it does not advertise its own identity.

Mr Elmer Yuen, head of Teleart, emphasises, though, that designing is still in the Hong Kong company's hands. He says of the relationship with the big stores and big buyers: "We design and they buy what we make. We are abreast of the market—we can tell what will sell."

Teleart admits that the Japanese are world leaders in watch technology. "There is a very small circle now which can make technological breakthroughs—companies like Seiko, Citizen, Casio. What happens is that they move and we will follow six months later."

Like most Hong Kong manufacturers, Teleart has no aspirations in the high value end of the market. Such watches as Omega, Rolex, Longines are considered in Hong Kong to be more jewellery than time pieces.

He calculated that a Hong Kong-made watch with the same number of functions as a Japanese watch would cost half the price. Japanese watches are more accurate, but Hong Kong counts on the fact that only a Japanese needs to adjust his life to the nearest fraction of a second to be sure of catching his train.

Mr Yuen, U.S. educated, began in the watch business after being an agent for a calculator company. He then moved to making calculators before graduating to watches. Most of the working parts are made in Japan—the Hong Kong company's job is putting them together, doing the finishing and some design work.

All of this can be done more cheaply than in Japan. But even Hong Kong is feeling the pinch of labour costs and even Teleart has farmed out some of its production to China.

Mr Yuen speaks highly of Chinese workers, who, he says, are in some ways better than those of Hong Kong. Teleart pays according to piecework and does not pay the Chinese workers directly. The Chinese workers each get a flat U.S. dollar a day compared to $10 a day in Hong Kong. Even so, productivity is twice as high in Hong Kong, where Mr Yuen's 1,000 workers turn out an average of a watch per person per hour.

Another problem which the bigger companies face is that their talented workers have great ambitions to branch out on their own, and as soon as they have a little capital and some experience will leave to start their own companies.

All this might make Hong Kong's 400 watch makers vulnerable to competition from other lower cost producers. Even allowing for the time needed to build up skills, wouldn't a developing country with a large unemployed workforce be able to train its labour and mass produce watches at least to be able to undercut Hong Kong facing demands for ever increasing wages?

Mr Yuen reckons not. His company is already successful, at the high cost end of the scale. Whereas the scale for Hong Kong watches is between $3-$20, the price depends on the number of functions the watch has. Teleart produces in the $6-$20 range, with the average being $10.

The secret, he explains, is sufficient flexibility to be able to spot the market trends and produce accordingly, and to have the world-wide contacts, and then to be able to pack and ship quickly.

Hong Kong is unique in all these attributes. It leaves other countries with endless middlemen, port delays and lumbering government regulations for cold.

Venezuela set to place tanker order

BY KIM FUAD IN CARACAS

THE VENEZUELAN state oil industry is set to choose one of three European shipyards to build two liquid petroleum gas (LPG) tankers at an estimated cost of around $85m.

No official announcement of successful contender is expected immediately, pending final approval by various Venezuelan Government entities, but Wartsila of Finland is believed the most likely winner ahead of West Germany's J. L. Mayer and Chantiers de la Ciotat of France.

Weighing heavily in Wartsila's favour is the fact that it had already built two crude carriers for Maraven S.A., the subsidiary of the Venezuelan state oil monopoly, Petroleos de Venezuela, which will purchase and operate the two LPG tankers. Moreover the Finns are reported to have offered substantial savings while complying with technical specifications.

Aimed at supplying the domestic market, the tankers will each have a 14,000 cubic metre capacity. They will be refrigerated and semi-pressurised to carry propane, butane isobutane and ammonia on short coastal hauls now covered by chartered carriers.

The tankers, representing one of the single largest ship orders by the Venezuelan oil industry since it was nationalised in 1976, form part of efforts to replace ageing equipment. More than $22bn have been set aside for new capital investments between 1981 and 1985 to refurbish equipment and expand oil operations in Venezuela.

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How a press report attracted a buyer for Alvis

Michael Donne and Ken Gooding on the BL-USH agreement

A REPORT in the Financial Times last February alerted Mr. Peter Levene, managing director of United Scientific Holdings, that BL would be willing to sell its Alvis, fighting vehicles, subsidiary.

BL had just been assured of another £900m of Government money to cover its requirements for 1981-83. But, as part of the deal, the state-owned group promised it would try to sell off some of its assets.

In fact, the BL corporate plan assumed that £40m would be raised this year in this way, compared with £27m in 1980.

BL emphasised that the companies involved were those outside the mainstream of its automotive operations and named them as Alvis, Coventry Climax, the forklife truck concern, and Aveling Barford, its construction equipment subsidiary.

At the time, BL was already negotiating the sale for £8m of Prestcold, its commercial refrigeration business.

Said Mr Levene yesterday: "As soon as I saw that report that Alvis was up for sale, I wrote to BL." United Scientific was looking for opportunites to increase its size through acquisition. "But the number of British defence-related companies which were also profitable was not very great."

United Scientific did not want to buy overseas because two recent acquisitions in the U.S. had satisfied that part of its expansion strategy.

So there was no question of BL hawking Alvis around. But there were other interested companies, which made some inquiries, according to Mr David Andrews, BL's executive deputy chairman. "It's just that Mr Levene was quickest off the mark."

So far this year, BL has sold or agreed the sale of companies or assets worth £25m. Apart from Prestcold, these sales included the old MG car plant at Abingdon which went for £5m.

Sale of Alvis for £27m will put BL well beyond its £40m target for 1981.

The chances of BL finding buyers for either Coventry Climax or Aveling Barford in the immediate future are extremely remote. "The best we can do is put them into better shape for the time when the recession is not so severe," said Mr. Andrews.

BL is sticking to its guns about more attractive propositions. The other profitable bits of BL, Land-Rover and Unipart, the spare parts business, are not on offer.

Sir Michael Edwardes, chairman, is hoping to use these companies as attractive bargaining counters in any future deal involving the loss-making cars division.

It might perhaps be possible for BL to find a reciprocal arrangement with one of its competitors covering the development of a whole range of cars. The offer of a share in Land-Rover or Unipart might well help cement such a deal.

The sale of Alvis should be completed in September.

BL's losses are currently running at £1,000 a minute or over £1.5m a day. As a result, Sir Michael says losses in 1981 will be as great as the £535m last year.

In the circumstances the £27m is welcome but will not radically alter BL's financial position.

Originally founded in 1919 as a quality motor-car manufacturer, Alvis eventually also turned to piston aero-engines which for many years powered a wide range of military and civil aircraft, including helicopters.

The company moved out of aero-engine manufacture some years ago, concentrating instead on armoured vehicles, with which it has had considerable success

Alvis's turnover in 1980 amounted to more than £60m, with a trading profit of £6.87m, both significantly higher than in 1979.

United Scientific is a big manufacturer of optical and electronic equipment, including military range-finding and other devices used widely in defence equipment manufactured by other companies.

Dawn tax raids criticised by judge

JUDGE LAWSON at the Old Bailey yesterday criticised dawn raids by 150 taxmen on the building firm, William Press and Son, as an "over-reaction." But he defended the Inland Revenue against charges that it carried out a "Spanish inquisition" against the company, which was accused of tax evasion.

He then halted the two-month William Press trial and directed the jury to return verdicts of not guilty of conspiracy to defraud against the company, 10 of its executives and an outside accountant.

Lloyd's probe

THE City of London Police Fraud Squad has investigated alleged irregularities in placing of insurances and reinsurances at Lloyd's, the insurance market, and with insurance and reinsurance companies by two former employees of Robert Bradford Hobbs Savill, the Lloyd's insurance broker.

The investigation was carried out after a complaint by Robert Bradford Hobbs Savill, which is part of Sime Darby Holdings. A preliminary report is understood to have been sent to the Director of Public Prosecutions.

No Tarling appeal

MR RICHARD TARLING, a former director of Haw Par Brothers International, was refused leave to appeal to the Privy Council against his conviction under Singapore company law.

He was extradited to Singapore in March last year after a two-year legal battle, and convicted on April 24 last year on five charges, 15 others having been dropped. His appeal was dismissed by Singapore Appeal Court in January. He returned to the UK after serving four months of a six-month term.

One Severn Bridge

A SECOND bridge across the Severn has been rejected by a Government working party set up to look at the potential need, Mr Norman Fowler, Transport Secretary, told the Commons on publication of the official report of the working party. He said the existing Severn Bridge would provide a "satisfactory crossing" until early next century.

£6m store

MORE THAN 300 jobs were created by a £6m shopping development in north Manchester. There were 4,500 inquiries and requests for application forms for jobs at the superstore of the Yorkshire-based Associated Dairies at Harpurhey District Centre. It opens on July 13.

McNee warns

SIR DAVID McNEE, Metropolitan Police chief, said that the remainder of this century would be a tough time for law and order. He appealed for "goodwill" from black communities to help ease tension, and said on BBC radio that the greatest problem he faced was "getting along" with ethnic minorities in London.

Members of these minorities had told him that much blame for violence in Brixton and Bristol fell on bad housing, deprivation and lack of jobs. He was annoyed that "the policeman is left to pick up the pieces where others in the community have failed."

'Eyesore' to go

MR MICHAEL HESELTINE, Environment Secretary, accepted an offer of private finance for the planned international conference centre in Broad Sanctuary, off Parliament Square. He said in a written Commons reply that he had accepted the Pearl Assurance Company offer. The site had been "a shameful eyesore" for a long time.

Credit card fines

CRIMINALS will b able to pay fines by credit card if a report with 34 recommendations of a working party chaired by Lady Howe, wife of the Chancellor of the Exchequer, is approved. It calls for bigger fines for the better-off and lower for the less wealthy.

Lothian hits back over grant threat

By Mark Meredith in Edinburgh

LOTHIAN Regional Council yesterday accused Mr George Younger, Scottish Secretary, of endangering local democracy by threatening to cut £53m from its rate support grant because of over-spending.

A submission to Mr Younger was approved by the Labour-controlled council after an acrimonious debate in Edinburgh. Conservative opposition and deputations of ratepayers accused the council of brinkmanship and irresponsibility, but the council, backed by delegations of trade unions defended its position and prepared to distribute the submission to other local councils in Britain as well as to MPs.

Lothian Region, with a budget of £400m, has exceeded the spending guidelines set by the Scottish Office by over 24 per cent or £63m. Mr Younger, using new powers approved by Parliament, has threatened Lothian and six other Scottish councils with losses in their rate support grant.

Lothian, by far the heaviest spender among them, faces a £53m cut but the Government has indicated it would be ready to negotiate if the council would go part way in making spending reductions.

In its submission to Mr Younger, the council said local government has the responsibility of determining the standard of public service needed in the community. "The magnitude of the reductions indicated by the Secretary of State under the new statutory provisions would prevent the implementation of democratically determined local priorities," it said.

"The nature and power of local democracy and the ability of a council to be locally accountable to its electorate is under serious threat," it went on.

Mr John Crichton, the council convenor, denied that Lothian was seeking a confrontation with the government. But the feeling among his fellow Labour members was that if Lothian submitted to cuts that the other authorities would start to fall like dominoes.

Part of the submission said that the Bill giving Mr Younger the power to cut the grants "marks a watershed in the nature of the relationship which has traditionally existed between central government and local authorities in Scotland."

Lothian and other local governments in Scotland are not allowed by law to raise any supplementary rates in the event of a cut in their rate support grant.

The council said the £53m reduction would be equivalent to the annual running cost of a medium-sized regional authority.

With unemployment in the region at 10 per cent, or about 34,000, the unions have backed the council with a threat to strike should any jobs be cut.

Call to end domestic rate subsidy

BY ROBIN PAULEY

DOMESTIC RATEPAYERS in England and Wales often contribute less than 15 per cent of a local authority's total spending—and their share can be as low as 6 per cent—according to a new study of the relationship between rates, government grants and accountability, published today.

Any notion of a relationship between taxation and provision was weakened by this low level of contribution by domestic ratepayers, which only exceded 33 per cent of total expenditure in three of the 456 councils in England and Wales, says the report by Mr Tony Travers of North-East London Polytechnic.

There are six county areas where more than 70 per cent of local spending is met by Government grants.

They are Powys (82.8 per cent), Mid Glamorgan (78 per cent), Gwynedd (73 per cent), Cumbria (72 per cent), Dyfed (71.5 per cent) and West Yorkshire (70.8 per cent).

In these areas the ratepayers get a remarkably good deal, says Mr Travers. In Powys, for example, the Government pays £4.55 against every £1 from ratepayers, while it contributes £2.77 for every £1 in Lancashire.

At the other end of the scale, Surrey ratepayers get only 79p from the Government for each £1 they contribute.

In 1980-81, local authorities in England and Wales budgeted to spend £19.5bn of which £11.5bn or 59 per cent of total rate and grant borne expenditure was met by the Government.

Domestic ratepayers contributed only 18.33 per cent with 21.18 per cent coming from commercial and industrial ratepayers and the other 1.49 per cent from council balances and reserves.

The ratio of domestic rates to non-domestic rates varied widely, ranging from £1 in domestic rates against £3.15 in inner London to £1 in domestic rates against only 61p in East Sussex.

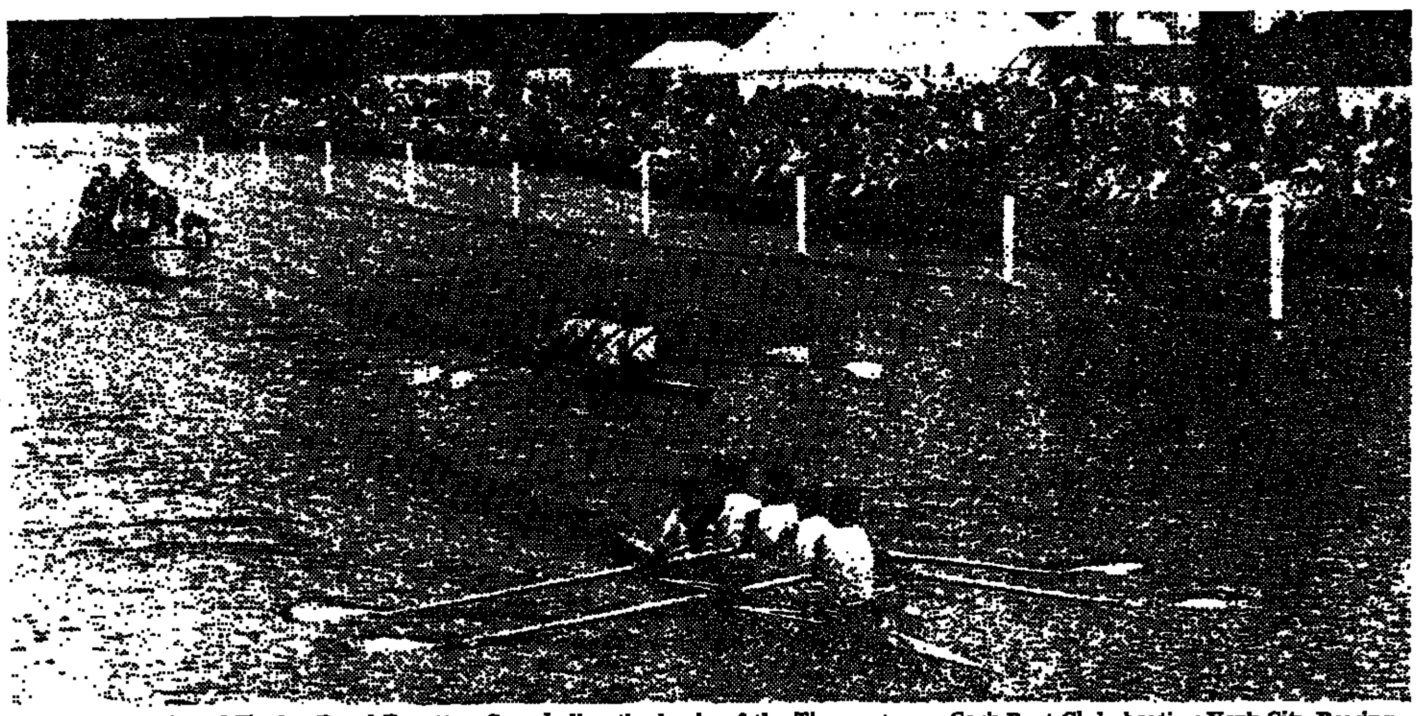
Avon, Cambridgeshire, Durham North Yorkshire and Wiltshire have a ratio close to £1 for £1. Nationally, the ratio in 1980-81 was £1.16 in non-domestic rates for every £1 in domestic rates.

The varying incidence of rate contributions on expenditure levels weakened accountability, the report argues. This was compounded by a grant system which, in effect, subsidises rate bills heavily in some areas but not in others while other factors, such as income, vary much less.

Accountability was further weakened by the existence of two tiers of local government which receive different grants and make separate expenditure decisions—but to which ratepayers contribute through a single rate payment.

If local government was to become more accountable, Mr Travers says, the following steps needed to be taken, although they would mean greatly increased domestic rate bills in many parts of the country:

- Abolish the subsidy to domestic ratepayers.
- Reduce the proportion of expenditure funded by central government grant.
- Move away from a system of grant scaling to equalise rateable resources.
- Revalue regularly all property on the basis of capital values.
- Separate rate bills from each tier of local government.
- Separate bills for council tenants' rents and rate payments.



The opening day of Henley Royal Regatta. Crowds line the banks of the Thames to see Cork Boat Club, beating York City Rowing Club on the Thames at Henley to win a heat of the Britannia Challenge Cup. The trophy is competed for by coxed fours from the UK and the Irish Republic

Esso Chemical puts price on Fife project

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE U.S.-based Esso Chemical is demanding three major financial concessions as the price of going ahead with its planned £360m petrochemicals project at Mossmorran in Fife.

The chemicals giant has told the Government it wants:

- A sizeable cut in the rates bill for the Mossmorran plant. It is believed Esso could be asking for a reduction of as much as £10m a year on the grounds that it would not have to pay nearly as much in rates if it were building the plant in England instead of in Scotland.
- Exemption from Petroleum Revenue Tax and Supplementary Petroleum Duty on the natural gas liquids which will be brought from the North Sea and used as raw materials at the Mossmorran site.
- Acceptance by the Inland Revenue of Esso's chosen in-house transfer price for ethane gas, which will be used as the main raw material in the chemical plant itself. It appears that the price at which Esso's North Sea arm transfers ethane to the group's chemicals arm is being queried by the taxman as too low.

The plant Esso Chemical is planning to build at Mossmorran will use gas from the Shell-Esso North Sea Brent field to make 0.5m tonnes a year of ethylene—the so-called building block ofthe chemical industry which goes into the production of a wide range of things from plastics to solvents.

The plant will be owned and run by Esso although half the money is being put up by Shell, which will also have rights to 50 per cent of the ethylene produced there.

Next door to the petrochemicals plant will be a Shell-Esso gas separation plant. Construction work on this plant has already started. The site has been cleared for the petrochemicals plant, but no building has begun.

Esso Chemical's demands are evidently causing turmoil in various Government departments. It is thought the Scottish Office is keen to make some concessions to the company to ensure that the project will not be abandoned with a consequent los of investment and jobs.

But officials in some other departments believe Esso could be merely bluffing—especially as the group has already spent an estimated £30m on the petrochemicals plant.

Industry experts believe the Department of Energy will set its face firmly against any exemption for Esso on North Sea taxes. But it is thought the company may have a stronger chance of gaining a reduction in its rates bill for Mossmorran.

Within the chemical industry there is considerable dispute as to whether Esso's threat to give up the Mossmorran project should be taken seriously or not. Some experts say the group is deeply concerned about the viability of the scheme because of the current huge overcapacity for ethylene in Europe.

Others believe Esso is merely trying to prevent the development of a rival ethylene and petrochemicals complex at Nigg Bay on the Cromarty Firth.

Revlon to make 400 redundant

By Robin Reeves, Welsh Correspondent

THE U.S.-OWNED Revlon international corporation is to cut the workforce at its Maesteg factory, South Wales, by more than half over the next three months. The move follows a sharp fall in cosmetic sales.

The announcement of 400 redundancies, reducing the workforce to 350, was accompanied by a warning that any resistance would lead to the closure of the factory, which is Revlon's largest European plant.

Workers at Maesteg began industrial action earlier this week because of rumours of impending closure. They will meet today to decide their response to the company's announcement.

Revlon is the second largest employer in the town which has an unemployment rate of over 14 per cent. The workforce has already been reduced from 1,250 over the past 18 months.

Crosfield Electronics is to make 100 workers redundant. The cuts will affect all departments, including 40 workers at their Peterborough factory, and a further 60 in London. This represents one-tenth of the company's UK workforce.

Crosfield Electronics, which specialises in equipment for the colour printing industry, is part of the Thomas de la Rue group. The company said last night: "We reported a poor year in 1980-81 due to the strength of the pound against the Deutschemark, a combination of the world recession and high interest rates, and cost inflation in the UK. The recently published report and accounts of de la Rue stated that, as a consequence, Crosfield Electronics were being trimmed."

W. W. Web Offset is to close its Banbury typesetting works at the end of September. Thirty printers will lose their jobs.

The company said: "We are having to make some redundancies in tyesetting and composing due to a changing pattern which does not require so much of this work as in the past."

FMC, Europe's biggest meat group, is reducing costs in a move that could mean the loss of almost 300 jobs. The group said it had started talks with the unions relating to "redundancy and changes of working patterns" that might affect up to 280 employees.

- More workers at British Leyland's export packing factory at Cowley, Oxford are to go onto a one-day week after their annual holiday. Twenty are already on short time and will be joined by another 75 at the end of the month.

The plant packs BL cars and vans in knock-down form for assembly overseas.

Mr Pat Quinn, the Engineering Workers' Union senior steward at the plant, said lack of orders had been blamed along with the switch of Land-Rover and Range Rover packing to the Midlands and the fact that new Metros are exported complete.

Inquiry on Nuclear Corporation finances

By Martin Dickson, Energy Correspondent

THE GOVERNMENT is to investigate ways of financially strengthening the National Nuclear Corporation whose small capital base is proving a major stumbling block to it adopting a more central role in the nuclear construction industry.

The inquiry also seems certain to review the present equity structure of the NNC, 35 per cent of whose shares are held by the UK Atomic Energy Authority on behalf of the Government, 30 per cent by GEC, and 35 per cent by a consortium of companies operating under a holding company, British Nuclear Associates.

The inquiry, announced yesterday by Mr Norman Lamont, a junior Energy Minister, follows a prolonged debate between the NNC and the Central Electricity Generating Board over the role the NNC should be given in the construction of the CEGB's latest advanced gas-cooled reactor (AGR) nuclear station.

The Government wanted the NNC to be the main contractor for the station's nuclear steam supply system. But the CEGB was not prepared to give it this role, arguing that the NNC's low capital base—just £10m—meant the board would not be able to claim adequate compensation if a sub-contractor failed to perform work adequately. The NNC will therefore act only as the CEGB's "agent" for the station.

The issue has much longer term implications. The Government, wishing to build up the NNC as the driving force behind a nuclear construction industry, has said it wants the corporation to have total management responsibility for the UK's first pressurised water reactor (PWR) station which is planned for Sizewell, Suffolk.

Unless a way can be found round the capitalisation impasse, it is hard to see the NNC adopting this role.

The CEGB and some members of British Nuclear Associates have been urging the Government to strengthen the equity base and change the structure of the shareholding which, they argue, is imbalanced.

Mr Lamont told Parliament yesterday that he agreed with the NNC and the CEGB and the South of Scotland Electricity Board that there should be a "review of how the NNC's role in relation to the major financial risks involved in nuclear power station construction could be strengthened." The views of all the NNC shareholders would be sought.

The exercise, which will be conducted by Government officials, is the third initiative announced by the Energy Department this week to give some forward momentum to the country's nuclear strategy.

A national task force of nuclear industry chiefs has also been established to accelerate the design phase of Britain's first PWR. It is led by Mr Walter Marshall, the UKAEA chairman.

The Energy Department has confirmed the appointment of Mr Frank Gibb, a joint managing director of Taylor Woodrow, as part-time chairman of the NNC. He replaces Mr Denis Rooney, the NNC's first full-time chairman, who quit in May following a boardroom revolt.

Housing market 'recovers'

By William Cochrane

THE PERIOD of sluggishness in the housing market has ended, according to the Abbey National Building Society. The society reports that house prices rose by 2.8 per cent in the second quarter of 1981 when compared with the first three months.

Abbey National said the average home in the United Kingdom now costs £25,613, and the average mortgage stands at £15,680.

At the same time, the short-lived Spring recovery in housebuilding has petered out, according to Government figures published yesterday. Private sector housing, though still relatively stable, is not showing the growth of earlier this year.

Yesterday's figures, published by the Department of the Environment, show total housing starts on a seasonally adjusted basis in the three months March to May down 4 per cent on the previous quarter and 14 per cent lower than in March/May 1980.

Abbey National reported that the increase in house prices just recorded is the first rise since the middle of 1980.

Mr Clive Thornton, Abbey National's Chief General Manager, said: "As we expected, house prices are now beginning to recover."

Good prices for French furniture

SALEROOM

BY ANTONY THORNCROFT

CHRISTIE'S held its main sale of French furniture, a strong market in recent months. Prices generally held up well. A Louis XV marquetry bureau plat, stamped Genty J.M.E., sold for £90,000. A Louis XV writing table bearing the mark B.V.R.B. went for £56,000.

A rare millefleurs tapestry, woven in about 1500, realised £52,000. A pair of Louis XIV ormolu-mounted ivory vases, sold for 7,000 guineas at Christie's in 1970, fetched £36,000. The same sum secured a Gobelin tapestry depicting November. The price was double the forecast.

When hard times bring a communications breakdown

Raymond Snoddy reports on the demise of company newspapers

WHEN A newspaper dies the end is often unexpected and sudden, with a terse announcement to editor, staff and readers that the issue just reaching the streets will be the last.

So it was for Miss Mary Colson, who was told in February that she had just edited the final issue of RO News, circulation 5,500, the employee newspaper of the Rubery Owen group.

At a time of deep recession in the automotive industry the company decided that communicating through RO News—and Goodwill, a magazine for customers—at an annual cost of £37,000, was less important than demonstrating to employees the determination to cut an obvious management expense.

According to Miss Colson it was a demonstration that backfired. "The closures had a demoralising effect on the shop-floor. A number of people said: 'If RO News is going there is no hope for any of us'."

The closure of the Rubery Owen publications is a dramatic example of the effects of recession on Britain's other alternative press. That is the hundreds of industrial newspapers and magazines which have grown in the past two decades into a multi-million pound industry with a circulation which the British Association of Industrial Editors (BAIE) estimates to be 20m.

Yet the casualties have been surprisingly few. Managements—even in the hardest pressed sectors of British industry—have, it seems, recognised that hard times increase the need to communicate with workers.

The costs of such communication varies greatly—from a few thousand pounds for a modest in house newsletter to £250,000 for a publication like Rail News with a circulation of 250,000.

"It is really only now that the recession has begun to bite and we find that there are organisations giving their house journals the chop," said Mr John Winters, immediate past chairman of the BAIE and the editor of Headline, the newspaper of the Thorn-EMI group.

Several titles, however, have disappeared recently because of attempts to cut costs, reorganise or develop communication to plant level.

The May issue of Mach One, the newspaper of the machine division of Tube Investments, was the last. Attempts had been made to economise, and then a company restructuring made the paper redundant.

Barclays Bank closed Spread Eagle, a staff magazine dealing more with social events than hard news, because of rising costs. The bank's internal communications will now be concentrated on Barclays' News, a tabloid newspaper.

Reed Group News and RDP News, the journals of the paper and packaging and decorative products divisions of Reed International, were closed after a decision that communication in both divisions should be at plant level.

Last year BL closed Austin Morris Express and Specialist Car, the magazine of Jaguar, Rover, Triumph. This left only Leyland Times at BL's truck and bus division as the sole survivor of the divisional newspapers which rose from the ashes of Leyland Mirror, the company-wide, award-winning newspaper set up by Lord Stokes to communicate with his workforce.

Although the number of closures have been small the pressure to cut costs by running fewer pages, reducing staff or trying of attract advertising has been great.

The activities of the Midlands region of BAIE have been in suspension largely because of the number of editors who have lost their deputies and have less time for their professional association.

Miss Sheila Deog, editor of Waterways News, the journal of the British Waterways Board, had a limit of eight pages imposed. This, and shopping around for a cheaper printing contract, has enabled Miss Doeg to cut costs by 30 per cent this year.

Mr David Gray, editor of Pru News, the tabloid newspaper of Prudential Assurance, has held his budget constant while increasing the number of pages from eight to 12. The extra pages have been paid for by two pages of display advertising and one page of classified advertisements.

Different organisations in search of cost effective communication often favour different strategies. Some choose one large, centralised newspaper; others plump for divisional or plant level communications.

The Central Electricity Generating Board, for instance, is considering combining its eight divisional newspapers into one central newspaper.

Yet the British Steel Corporation decided to break up Steel News, the corporation-wide paper, into eight divisional newspapers carrying only the most important BSC material in common.

The greatest change for house journals has been the gradual move away from innocuous staff magazines to newspapers produced by professional journalists prepared to approach, albeit gingerly, controversial information.

Pru News recently carried comments from the union side at the Prudential—a small step forward for a cautious management. John Winters believes the more balanced information a house journal contains, the less likely it is to find its way unread into the waste bin.

House journals are also big business. Headline has a print run of 120,000, copies go to almost every country in the world and the budget runs between £100,000 and £150,000 a year.

The Goodhead Press at Bicester, which prints Headline, has expanded its house journal business from a handful of titles to 60 in four years, involving an annual turnover approaching £1m.

Mr Colin Rosser, chairman and managing director, is optimistic about the future of the medium. "In the last mini-recession managements tended to make savings by cutting out their house journals. It hasn't happened this time. There is more communicating going on than ever," he said.

British wine duty policy 'breaches Treaty of Rome'

BY GARETH GRIFFITHS

THE EUROPEAN Commission has told the UK to bring its policy on duty deferment on imported wines into line with that on domestically produced wine. The move could mean savings of about £50m a year in interest charges for British wine shippers.

Mr Christopher Tugendhat, the Budget Commissioner, has told the Government it would lose any action taken in the European Court over its duty policy, which, he says, goes against the Treaty of Rome.

However, in a letter to Mr Kenneth Collins, Labour Euro-MP for East Strathclyde, Mr Tugendhat says that because of the "delicate stage of negotiations," to open legal proceedings now would achieve nothing, and might well prove counter productive."

Wine importers are most affected by the European Commission's decision. At present they pay duty on wine as soon as it is released from a bonded warehouse where dutiable goods are stored by the Customs service.

Most wine importers have to borrow the money to finance the duty payments which often occur weeks or months ahead of sale. The Wine and Spirits Association estimates that in the run-up to Christmas some £160m is tied up in duty financing. The interest and service costs of the borrowings through the year amount to about £50m, it claims.

Companies making British wine have to pay duty on the fifteenth day of the month following its production. This gives them an average of 30 days' duty deferment and it is this discrepancy which concerns the Commission.

The Scotch whisky industry, although not covered by the Commission's move, argues that if duty deferment is extended to wine importers, it would have to apply also to whisky producers. At the moment whisky companies pay duty on their stocks, the moment they are released from bond.

Industry estimates suggest that between £50m and £120m a month is tied up in duty payments. As in the wine industry, much of the money is borrowed, and the Scotch Whisky Association has campaigned for many years for duty deferment. It said yesterday that any extension of deferment to imported wines would have to be accompanied by a similar concession on domestically produced spirits.

Mr. Tugendhat's letter suggests that one option open to the Government would be to withdraw duty deferment for British wine altogether as the Treaty of Rome only requires the avoidance of discrimination in taxation.

Both the French and Italian governments have put pressure on the Commission to take up the question of non-deferment of duty on imported wines after lobbying by British wine importers. But officials in Brussels yesterday said the whole issue could soon be subsumed in the more general and thorny questions of harmonising alcohol taxation in the Community.

An interim European Court judgment on the UK's different taxation on beer and wine is due to run out in September and the Government faces the prospect of an indictment on this. A Fiscal Council meeting to look at the whole question of harmonising duties on alcoholic drinks is expected later this year.

● Beer production in the UK continued its downward path in May, due to the general effects of the recession and the poor weather.

Production was 3.19m bulk barrels, a fall of 9.4 per cent on last year's figure of 3.53m bulk barrels. The May 1981 figure is the lowest May figure for nine years and there seems little sign of any upturn from estimated sales in June.

Production in the first five months of the year stood at 15.17m bulk barrels, a fall of 7.5 per cent on the 1980 figure.

Burgers boom beefs up the frozen food business

David Churchill finds out how Cap'n Bird's Eye helped change the course of a £95m-a-year industry

THE HUMBLE beefburger, which for 21 years has been one of the staples of the frozen food industry, is now Britain's most popular frozen food, with sales of £95m last year—more than a tenth of all frozen food sales to consumers.

The resurgence in the beefburger's popularity has been due mainly to the fast food revolution sweeping Britain's high streets.

The introduction of the all-beef "American style" burger chains, such as MacDonalds and Burger King, has created a new demand from devotees of the "Big Mac" who want to eat in the comfort of their homes.

The major frozen food companies' success in capitalising on this demand has produced a classic example of how a successful, but tired product can be given a new lease of life through a revamped marketing strategy.

Traditionally, the beefburger has been made from 80 per cent beef and 20 per cent cereal, onions, and seasonings. It became a staple for a quick and relatively cheap meal, especially for children, since it was first sold in 1960.

In the late 1970s the rapid emergence of the fast-food chains—which have expanded in total by more than six times since 1975 according to trade estimates—changed all this. Whereas the familiar burger cooked at home tastes of onions and spices, the fast-food chain variety is invariably all beef and usually needs to be served with relishes and garnishes to complete the taste.

Also take-away beefburgers are usually much larger in size than the normal variety eaten at home.

Birds Eye, which claims to be the largest frozen food company in the world and the brand leader in the UK beefburger stakes, adopted a three-pronged marketing strategy to meet the changed market conditions.

Firstly, in 1979, Birds Eye launched "100 per cent beefburgers," with only a "touch of seasoning." The "100 per cent beefburger" was aimed at capturing that segment of the market which enjoyed the pure taste of take-away beefburgers and preferred to add onions and relishes according to taste.

The success of the "100 per cent beefburger" surprised even Birds Eye and helped increase its total beefburger sales in the first month of the launch by 60 per cent. Since then the popularity of the "100 per cent" variety has helped Birds Eye consolidate its brand leadership in the face of competition from own-label beefburgers.

The second marketing response was to launch the "quarter pounder" burgers—double the size of a normal beefburger. This product was especially aimed at the late teens, early twenties age group which was attracted by the fast-food chain's large burgers. Birds Eye chose Muhammad Ali to promote the "quarter pounders" on television since, suggests Birds Eye, he had the "All-American image of big value."

The third approach was to relaunch the traditional Birds Eye beefburger as "original beefburgers with onions." Given the trend towards the fast-food outlets' burgers, it would have seemed that the days of the old-fashioned beefburger were numbered.

However, Birds Eye has found that many people who have been attracted to eating burgers in fast-food outlets actually prefer the original variety at home.

The all-beef burger is also seen by some as being too bland in comparison with the onions and spices in the original beefburger.

Birds Eye has supported its marketing strategy by point of sale advertising under the generic "Homeburger" theme. Packaging has been redesigned to make the different variations stand out in a supermarket freezer display. Thus the original variety has blue as a dominant packaging colour, while the 100 per cent version has a dominant red colour.

The price of the various brands varies only slightly. Four original beefburgers cost about 82p in the shops, the same price as two of the double-sized Quarterpounders. The 100 per cent variety costs 86p for four burgers, the differential cost representing the extra meat used although there are savings on the onions and other spices in the other two varieties.

Birds Eye spent over £1m in the first half of this year on television advertising to maintain market growth. (The total market is expected to reach £110m this year. Television advertising has included the return of the character Ben, the boy with the Yorkshire accent, who was a feature of Birds Eye's beefburger advertising a few years ago.

Ben, who had supposedly emigrated to Australia with his parents, has now returned to champion the cause of the original Birds Eye beefburger.

Independent airlines seek scheduled Berlin link

By Michael Donne, Aerospace Correspondent

BRITISH AIRWAYS may have to reduce the number of its present non-stop services to Berlin if the Civil Aviation Authority permits additional competition on the route from two independent airlines, Dan-Air and Laker.

Both the independents have operated charter flights to Berlin from the UK for several years. They are seeking scheduled service rights from Gatwick Airport.

British Airways, which flies from Heathrow and Gatwick, is strenuously opposing their bids. In addition to non-stop daily flights, it also serves Berlin via Dusseldorf, Cologne and Hanover.

Over the past two days, the two indepedents have put their cases to the CAA at a public hearing in London. Today it is the turn of British Airways.

Mr. Martin Clough, for Dan-Air, has argued that it is already the strongest charter operator to Berlin, and has said the airline would offer a cheap one-way fare of £40 which would underent all other fares offered. Dan-Air believes there is room for one extra operator, but not two.

Sir Freddie Laker, for Laker Airways, yesterday described the BA service as being "high fare, poorly timed and with inadequate capacity."

He said the development of a European scheduled service network was of vital importance to Laker Airways, both to broaden its traffic base and to increase the traffic feeding into its tranatlantic services.

The Berlin applications are seen as the first major test of the CAA's new policy on route licensing which became effective on May 22.

This provides for more competition between British airlines on overseas routes. The CAA has stressed that it sees competition not just as an end in itself but a means to secure improved quality of service for the travelling public.

Court ruling sought on N. Sea gas

By Raymond Hughes, Law Courts Correspondent

THE British Gas Corporation and two operating consortia asked the Court of Appeal yesterday to rule on the basis on which the price the corporation pays for North Sea gas could be raised.

The corporation and the Phillips and Arpet consortia are in dispute about a gas price increase from the Hewett and North of Hewett Fields.

Each side is appealing against the Commercial Court's ruling on the dispute in March.

Under the operating agreements, if a company feels that because of a change in economic circumstances it is suffering substantial hardship it can approach British Gas for a price increase.

Failing agreement, the matter goes to a panel of experts. The principal issue for the court is whether the panel can in effect backdate any award.

In the Commercial Court Mr Justice Parker rejected what he described as the extreme views of the two sides. British Gas had said there was no power in the panel to take account of hardship suffered by the company before the date on which any award came into effect.

The consortia contended that all hardship, whenever suffered, could be alleviated.

The judge ruled that the relevant hardship was that which the company suffered at the date on which it requested a meeting with the corporation.

But, he said, the panel could take account of past substantial hardship if it continued at the date of the request.

The Appeal Court is also being asked to overturn the judge's ruling that, in making requests for a price review, the companies in the Arpet consortium had to act jointly, and that individual companies could not make separate review requests.

The hearing continues

Dundee sheds its strike-bound image

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

AN image-improving report on Dundee shows the Tayside city's average of days lost through strikes is three times less than the UK average. Between January and October 1980 the average loss in Dundee was 590 days per 1,000 industrial workers.

The survey was commissioned by the Scottish Development Agency. It is one of several on Tayside where unemployment is at 15 per cent (6,000 jobs have been lost in two years) and manufacturing industry in steady decline.

Aiming to discount the view that Dundee traditionally has poor industrial relations the report, made by Arthur Young Management Service, said workers were reliable, flexible and stable, and that company-union relations were considered good.

The report was based largely on interviews with 71 local manufacturers in the Dunde-Arbraoth area.

It showed that Dundee had a larger share of its workforce in manufacturing than had Scotland overall. The decline in the textile industry alone caused the shedding of 35 per cent of its workforce between 1971 and 1977, while 26 per cent of the workforce had left the mechanical and instrument-engineering industry.

More than 20,000 jobs were created however in the professional and scientific sector, as well as in the insurance, banking and finance sector in this period. The report said there was an adaptable workforce ready to move into the expanding service sector.

Wages and salaries in Dundee were below the average. This was due to the nature of the high output, low value-added, low-wage industries and to the workforce's relative immobility.

Local managers reported company-union relations to be good, with only a weak degree of the "them and us" feeling present, the report said.

Councillor John Henderson, in charge of Dundee's planning and development, said an agreement had been reached for the Scottish Development Agency to take over a greenfield site on the perimeter of the city, to attract industry.

Dundee has been designated a special development area, to qualify for special Government grants. The local council has also undertaken an urban renewa plan for the central Blackness area.

Some investment has been attracted from Times, National Cash Register and Veeder Root. Some of these too, however, have been hit by recession.

● Prices for tenement flats in Scotland have risen to 30 per cent in Aberdeen and to 20 per cent in other areas, making this the most buoyant sector in the housing market, according to the Scottish branch of the Royal Institution of Chartered Surveyors.

According to the institute's newsletter the rest of the market has levelled off after a rise of 5 to 10 per cent on average. Prices have held steady generally, or increased only marginally, because of the log-jam of properties for sale.

The report said most agencies predicted prices would remain fairly level, possibly with a small rise in the autumn if interest rates remained stable and building societies had funds. Demand may be dampened however by high local rates.

EEC regional fund pays £34m to UK

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

BRITAIN HAS received another £34m from the EEC's regional fund towards projects in the assisted areas. Most of the money — £27.35m — went towards infrastructure projects and the remaining £5.66m to industry and tourism.

This is the second tranche this year from the fund, bringing the total allocated to Britain since 1975 to £681.41m.

Infrastructure grants go directly to the local authority or public body concerned, reducing the amount it has to borrow to finance its investments. The other grants are paid to the Treasury, although they are for specific projects, since the Government will have dealt with their financing at an earlier stage of development.

The largest single amount this time went to Wales, which received £12.59m for infrastructure projects. The biggest of these was £2.17m towards the cost of a distributor road providing access to Cardiff's docklands.

Some £6.33m was also allocated towards 30 other schemes ranging from road realignments in West Wales to a trunk water main in North Wales.

Northern Ireland received £5.49m infrastructure grants and £1.13m towards half a dozen industrial projects. Scotland received £4.2m.

Since the fund began operating, Scotland has received £175.08m and the North of England the next largest share of £134.46m.

Holidays threatens sunset for tanning lamp manufacturers

Elaine Williams looks at the problems facing small companies making sunbeds and solaria.

THE ONSET of the holiday season and the prospect of warmer weather—??—is causing a shiver of apprehension in a small but thriving industry which is using new technology to provide artificial sunlight.

The manufacturers of sunbeds and solaria—tanning lamps mounted on an overhead canopy—have been promoting a "safer" ultra-violet lamp in an effort to switch the emphasis of their sales from the professional sector towards the domestic market.

However, most people want to buy sunlamps in the cold season to get up a tan in time for their summer holidays. Sales drop away so sharply in the summer that many smaller companies have great difficulty surviving.

According to one of the leading UK manufacturers, Paine Beauty Products, nearly 70 per cent of the smal British makers did not survive July and August last year.

One of the difficulties is that last year more than 80 per cent of the £15m a year UK market for sunbeds and solaria came from health clubs, beauty salons, hairdressers, department stores and even local authority sports centres.

Having saturated this market, sunbed makers are switching their attention to domestic sales. Manufacturers are predicting that the majority of sales possibly up to 80 per cent, is likely to come from this sector.

The growth of solaria has not just been a response to poor summers in the UK in recent years but has resulted from technical breakthroughs in lamp design which allow people to expose themselves longer to ultraviolet light.

The traditional sunlamp market has been static—valued at £3m a year—for several years. Such lamps have to be used cautiously. For the first time only 30 seconds exposure to the UV light is allowed. This can eventually be increased to six or seven minutes. However the newer lamps, which provide a different type of ultraviolet light, allow tanning treatments of up to half an hour at a time.

Cheaper and smaller solaria to suit the growing domestic market have become available ranging in price from £300 to £500. This compares with about £2,000 for a professional model. Smaller sunlamps and units which can tan up to half the body at a time are also on the market var-ing in price from £60 to £200.

There are few well-known manufacturerws which serve this market in the UK. Companies such as Philips have offered traditional sunlamps for many years but as sunbeds are relatively simple to make, many small manufacturers have sprung up and just as quickly disappeared.

A high proportion of sunbeds and solario—possibly up to one-third—are imported from West Germany. The UK is the largest market in Europe for this equipment with estimated sales of about £50m. Some of the largest importers include Sun Health Anglia, Interscan Sauna and Nordic Sauna, all of which have interests in other aspects of the health and beauty market.

Paine Beauty Products claims to be the UK's largest sunbed maker with a turnover of £4m a year and an output of 200 sunbeds a week. It began manufacture only four years ago to cater for the professional market in beauty salons.

Interest in sunbeds and solaria—an arrangement of tanning lamps mounted on an overhead canopy—has grown despite controversy over possible health risks if their use is not properly supervised.

The Health and Safety Executive is to publish guidelines on their safe operation in professional establishments because of the growing number of accidents.

TECHNOLOGY

EDITED BY ALAN CANE

Why BL settled for On-site

IN THIS second article about the computer bureau business, ALAN CANE looks at the U.S. company, Automatic Data Processing and its On-site service which offers customers their own computer for a flat monthly fee.

IF YOU make your living taking in washing and washing machines suddenly become cheap enough for everyone, you have a problem.

That problem has been staring the computer bureaux business in the face since the early 1970s when it first became obvious that computers were going to become smaller, cheaper and easier to use.

Today, the marketing managers of all the big bureaux simply shrug their shoulders when asked about competition. The real competition, they argue, is the customer who wants to do his own data processing on his own machine.

Brutal

Automatic Data Processing (ADP) a large and aggressive U.S. computer bureau (according to ICP, it ranked sixth among U.S. computing services companies in 1980 with revenues of $455m) tackled the problem first with brutal clarity.

It offered its customers their own computer for a flat monthly fee. It called its service "On-site," and it has been widely imitated by bureaux bowing to the inevitable new economics of remote computing.

The machine it chose to offer was the Digital Equipment (DEC) 20/20. DEC is the world's most successful manufacturer of minicomputers, but the 20/20 is a small mainframe.

Sophisticated

As with most novel concepts, it was slow to take off but now, according to Mr Brian Tytherleigh, ADP managing director in the UK, there are now some 60 On-site installations world-wide, with nearly 10 of those in the UK.

On-site users tend to be big and sophisticated in data processing. The UK list includes Alcan and Allied Breweries; in many ways, the latest convert, British Leyland Systems, represents exactly the way On-site was planned to be used.

BL Systems was set up a couple of years ago to exploit under Mr John Leighfield, Leyland's considerable experience and investment in computing.

It was already a user of the ADP network; what it was looking for was a way to contain the spiralling costs of using external bureaux services while providing a better service to its own in-house users.

For a fixed monthly fee it now has a DEC 20/20 system applications software and ADP's help in marketing its new service to its customers.

So BL is effectively establishing a bureau service within a bureau service. Its own customers will share time on the 20/20 just as if it was BL's own machine — and pay the proper price for the service, while BL Systems is assured of a ceiling on its costs as long as it stays within the capabilities of the 20/20.

BRIAN TYTHERLEIGH: Sixty On-site installations in the world

If more power is required, the On-site machine can be linked in to the ADP time-sharing network by telephone, just as if it was a remote terminal.

The ADP network in Europe is based on London where the processing is handled by four DEC System 10s in Great Portland Street.

The justification for the On-site operation is economics, not technology. ADP claims that economics of a factor of at least one to five can be achieved compared with average retail costs.

"Sufficient capacity is available so that costs can be fixed for periods of up to five years without impacting user productivity or solution throughput", it argues.

Cutting through the jargon, what it *means* is that the user has a better chance of controlling costs with On-site, while avoiding the anarchy of *different* departments and subsidiaries all setting up their own go-it-alone solutions.

What it means, Brian Tytherleigh says, is that ADP is moving steadily towards becoming a distributor of specialised applications software.

It already has specific skills in the hotel business—with a system called, inevitably, "Inn-site" and in the U.S. it has specialities in dealer systems and computerised collision estimating services for the automobile industry.

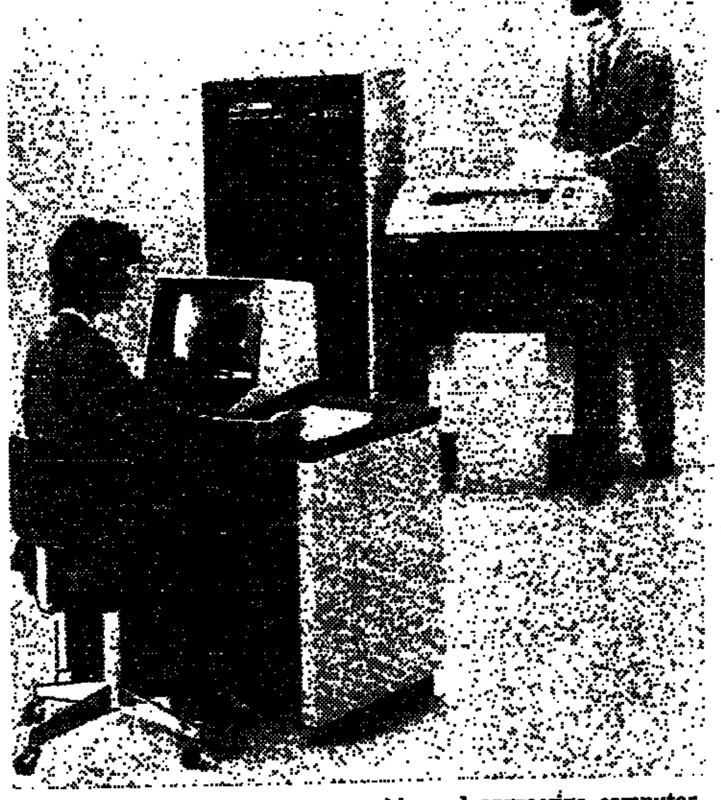
A service linking the benefits of its skills in specialised applications and the on-site costs containment is APECS 2000, a service for project management.

APECS itself, the ADP Project Evaluation and Control System, has been in existence for some years, offering customised reporting graphics, interactive data correction and international teleprocessing.

Difference

Add the On-site service and the product according to ADP is "all the benefits of a service bureau together with the advantages of your own computer."

It provides, for a number of users, a slice of the On-site cake, a virtual minicomputer. Brian Tytherleigh says: "What we are trying to condition people to believe is that the only difference between a time-sharing mini and a virtual mini is that a virtual mini is better."



AUTOMATIC Data Processing, a big and aggressive computer bureau, was ranked sixth in the U.S. last year

King blockage buster

THE DRAIN King is a new system for unblocking pipes and drains. Supplied as kit it comes from Virax UK of Hythe and consists of three units and connections. It can be used with pipes between 26 mm and 125 mm bore and only requires connection to a wain water tap with 13 mm hose.

Coded 2908 the Drain King is in effect a flexible plug which, when connected to a mains water supply, expands to fill and seal the pipe. Once sealed, the water pressure acts on a special valve inside the unit and a pulsating jet of water is injected into the space.

Further details on 0303 69111.

Data video terminal

DATA DYNAMICS has introduced a new VT52/VT100 compatible VDU which incorporates many features which are expensive optional extras on the VT52/VT100, including an advanced video package, a VT52 printer port, 20mA and RS232 interface and a video monitor output.

The new video terminal is known as the Data Dynamics XT-100. It has two main display formats. These are 24 lines of 80 characters or 24 lines of 132 characters.

One feature—intended to increase the life of the display screen—shuts off the display automatically if no characters are received for 17 minutes. All of the many alternative modes of operation offered by the XT-100, including baud rate selection, are selected from the keyboard with the help of software internal to the VDU. More from 01-848 9781.

POINTERS

Training aid may cut the cost of Nimrod aircraft

The RAF is now taking delivery of a new training aid for anti-submarine warfare that is expected to cut considerably the costs of keeping pilots and crews of Nimrod aircraft up to the peak of efficiency.

Developed by Marconi Avionics, the device, which is being installed in the RAF's Nimrod anti-submarine warfare jet aircraft, physically resembels a TV game, in which the crews can simulate attacks on submarine targets, without the need for targets and without having to use expensive sonobuoys.

To operate the device, one meber of the Nimrod's crew acts as a hostile submarine, feeding in data to a computer which then displays on TV screens information about the depth and course of the submarine. The rest of the Nimrod crew then take the necessary action to track and attack the "target."

One of the advantages of the new on-board training device is that it can be used whilst Nimrods are on route to and from their patrol areas—normally regarded as unproductive time.

Called ACT-1 (Airborne Crew Trainer), the device is believed to be the first airborne training aid in squadron service for anti-submarine warfare. The device can also be used on the ground.

In the past, when no practice targets have been available, airborne anti-submarine training has involved a ground simulator, linked by radio to an aircraft patrolling a given area.

The ACT-1 does not entirely replace ground simulation training, but enables an aircraft commander to train his crew at his own pace, in an area and at a time of his own choosing.

The cost of the aid is not disclosed, but it is intended to fit it eventually into all the Nimrod anti-submarine aircraft in service.

MICHAEL DONNE

Office computers

TRIUMPH-ADLER, now a subsidiary of the Volkswagen group, has launched the first model in its new series of computers aimed at office automation.

The 1603 model, is designed for users who want to distribute computing power through their organisation; up to eight workstations with or without printers can be connected to the central processor, according to Triumph.

With so many machines on the market and so little difference between them, it is often more interesting to look at the computers the new model is supposed to provide competition for, than the specifications.

According to Triumph Adler, the 1603 is expected to give the IBM System 34 and the ICL System 10 a run for their money.

Basic configuration price for the 1603 is £20,000 with 512 kilobytes of internal memory.

Cheapest System 10 at present is the model 120 at £10,000 but with only 30 kilobytes of internal store.

ICL has just launched its System 25 which for £27,000 offers 80 kilobytes of internal memory and four local terminals in its most basic form.

The System 34 from IBM costs from £18,000 with one terminal: a typical system would cost between £20,000 and £70,000.

Triumph Adler says the 1603 is intended for the first time buyer who needs a computer system with terminals which can communicate. More on 01-250 1717.

Colour display

EXPANDING ITS 3280 range of IBM-compatible visual display systems, ITT Business Systems has introduced four-colour and 132-column screens. The colour displays offer blue, white, green and red formats.

Benefits to users, the company claims, include improvement of the human/computer interface because operators can distinguish between computer and user information displayed on the screen at a glance.

Further, existing ITT 3280 users can integrate 3289 colour screens into their monochrome networks as well as upgrading to full colour operation. Users of 132-column screens are also provided with a window onto computer print-files and mainframe applications in the format that they are written. More on 0273 507111.

The GB7-200 Hot Gas Soldering Station has two hot gas heads. Each is independently mounted and controlled by its own control unit on which gas flow, gas temperature and flow time can be preset. More from Planer Products, Sunbury 86262.

Howe chooses tobacco to recoup derv revenue loss

FINANCIAL TIMES REPORTER

CHANCELLOR Sir Geoffrey Howe yesterday announced a package of new taxes on tobacco and gambling designed to recover the £85m revenue lost by the Government's agreement to halve the Budget proposal of a 20p increase in the tax on a gallon of derv.

Sir Geoffrey told the Commons: When at committee stage on April 30 I advised the House to accept the reduction of 10p per gallon in the taxation on derv, I made it clear that I would have to recoup the revenue lost in some other way.

I should like now to inform the House how I propose this should be done.

Although the Budget increases in tobacco duty were substantial, I have concluded that most of the extra revenue needed should come from that source.

I therefore propose duty changes equivalent to an extra 3p on hte price of a packet of 20 cigaretes, together with comparable incerases on other tobacco products.

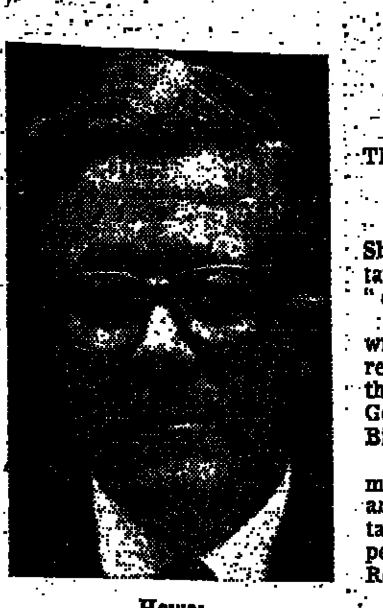
These changes will raise about £65m in the current financial year.

When the House considered these matters many honourable members suggested that additional revenue should be raised from taxes on gambling.

I propose three changes which will together make up the balance of the offsetting measures:

Increases in the 'off course" rate of general betting duty from 7½ per cent to 8 per cent, and in the bingo duty from 7½ per cent to 10 per cent; and various increases in the rate of gaming machine licence duty.

These changes will raise about £20m in the current financial year.



Howe: changes brought forward

Although I contemplated earlier that these changes would not take effect until after the Fnance Bill had become law, I have now decided that it would be better to bring them forward.

I therefore propose that, subject to the approval of the House, the increases in tobacco duty should take effect on Wednesday July 8, the increase in general betting duty on Sunday July 12 and that in bingo duty on Monday July 27.

The changes in gamin machine licence duty must necessarily be delayed for practical reasons and will take effect on October 1.

The necessary resolutions will appear on the Order Paper tomorrow.

An amendment will be tabled for the Report Stage of the Finance Bill enabling the derv duty change to take effect without delay; I am authorising the necessary extra-statutory treatment until Royal Assent.

The duty on derv will thus be reduced by 10 pence a gallon from 6 pm today.

Shadow Chancellor Mr Peter Shore immediately attacked the tax changes as "trivial" and "entirely political."

The derv concession was wrung from the Government by rebel Tory backbenchers who threatened to vote against the Government on the Finance Bill.

The tobacco package, which meets most of the shortfall arising from the cut in derv tax, will add an estimated 0.1 per cent to 0.2 per cent to the Retail Price Index.

Mr Shore said the package was "fiscal fine tuning" from a Government which had overshot the public sector borrowing requirement by £4.5bn last year.

Mr Shore said the move was brought about by the Chancellor's "stubborness and obduracy."

Mr Dale Campbell Savours (Lab., Workington) attacked the Chancellor for not increasing Capital Transfer Tax, and instead, "putting up cigarettes for the great majority of people—working people who will have to pay the higher prices."

Mr Jock Bruce-Gardyne (C., Knutsford) asked whether the yield from increased tobacco duties in the Budget had been on target.

Sir Geoffrey said changes in Capital Transfer Tax remained an important part of Government policy. He told Mr Bruce-Gardyne that demand for tobacco picked up after a post-budget lull due to advance buying.

'Urgent' action promised on Northern Ireland Council

FINANCIAL TIMES REPORTER

AN IMPORTANT political initiative on Northern Ireland was announced today by Mr Humphrey Atkins, Secretary of State for Northern Ireland. The Government plans to set up a 50-strong Northern Ireland Council, made up of Ulster MPs, European MPs and district councillors, by the start of 1982.

The new council will be based at Stormont, home of the former Northern Ireland Parliament. Its job will be to advise the Government on Northern Ireland policies and consider ways of restoring fuller control of Northern Ireland to the Province. The Council will not have law making powers, those will remain at Westminster.

Mr Atkins said political parties in Northern Ireland would be invited to make nominations for the council. "We are offering an opportunity. The Government is prepared to do all it can to build upon this as a way forward. It is now for others to respond," he said. "We need this body as a matter of urgency."

Mr Atkins said it would take 18 months or more to arrange for members of the new Council to be elected and he wanted it to be set up more quickly than that.

It would be established by an administrative act by Mr Atkins and not by an Act of Parliament and he hoped it would convene "around the turn of the year."

Mr Atkins said the Government was determined not to "give up" on Northern Ireland. "We are not going to cut and run, leaving the citizens of Northern Ireland without the services and protection they deserve and need," he said.

Direct rule of Northern Ireland from Westminster—introduced in 1972—had many advantages but contained one major flaw, said Mr Atkins.

"There is not enough of a Northern Ireland political input into the governing of the province."

It was not yet possible to restore law-making powers to Northern Ireland so the Government had decided on the "more gradual approach" of setting up a body which "does not at the outset possess such powers," he said.

The council's three main jobs would be to:

- Report on activities of government departments responsible for running Northern Ireland since direct rule.
- Scrutinise proposed legislation affecting the province.
- Consider "the future governing of Northern Ireland and proposals for executive and legislative powers by elected representatives that might be acceptable to both parts of the community in the Province."

In the meantime, direct rule and the emergency powers to combat terrorism must continue.

Mr Atkins plans were immedi ately denounced by Mr James Kilfedder (UU North Down), who claimed the Government was "tinkering with the situation in Northern Ireland."

Interrupted by Shadow Ulster Secretary Mr Don Concannon (Mansfield), who called for Westminster MPs to have a say in these plans, Mr Atkins stressed he was announcing his "outline" plans yesterday, to be followed by consultations with the Ulster political parties. He then would come back to the Commons for approval of his plans.

It was "essenial" to proceed only with the backing of the Commons, he said.

Earlier, Mr Atkins appealed to the families of the hunger strikers to convince them that the Government would not grant political status and that they should give up their action.

Humphrey Atkins

Callaghan urges steps to 'broad independence'

FINANCIAL TIMES REPORTER

FORMER Labour Prime Minister, Mr James Callaghan, last night called on the Commons for a "broadly independent" Northern Ireland.

He proposed fresh talks at Westminster as the first step towards a new policy for the province.

Then, he suggested, Ulster people should be called together "in some kind of a convention" to hear Parliament's intentions. A Bill of Rights should also be drawn up to safeguard every citizen in the province, Mr Callaghan urged.

But he stressed that the changes must be carefully prepared, presented and carried out, not introduced "in a rush."

Mr Callaghan said the time had come to change the pattern at Westminster whereby every plan put forward by Britain was criticised and found unsuitable by one community or another.

"My case today is that Britain should at once begin the process of formulating a new policy," said Mr Callaghan.

"It should provide for a continuous series of separate steps, taken at deliberate intervals, with the ultimate destination of giving the people of Northern Ireland complete responsibility for their own affairs.

"The process, I am envisaging would take some years to complete and the final step would be that a new Northern Ireland would emerge as a broadly-independent state having, in the process, formed a new relationship with London and Dublin."

The Political Advisory Committee proposed by Mr Atkins could be a "suitable body" to act as the convention to which people from Northern Ireland would be called to listen to Parliament's intentions, Mr Callaghan said.

He stressed that everybody who wished to remain a British citizen should be free to do so.

A Bill of Rights would be one of a series of steps to be taken, he said. But Britain would be willing to enact this at Westminster and pass it to Northern Ireland when it became fully independent. Proportional representation should be looked at to bring the "broken community" together.

Mr Callaghan sought to explain what he meant by "broadly independent." A right of appeal could be provided from any act of the Northern Ireland Parliament that seemed toinfringe Constitution or the Bill of Rights to be referred to a bench of judges from the United Kingdom, Northern Ireland and the Republic he suggested.

As an independent country, Northern Ireland would be able to make its own decisions about joining international organisations.

Support for the IRA and terrorism would dwindle if the forms of government devised by both communities allowed them to recognise their interdependence and common identity.

"I am aware that similar proposals have been canvassed from time to time. My purpose today is to try to restart a political discussion to break away from sloganising and to propose one possible way forward that would safeguard both Protestant and Catholic and enable them to recognise their interdependence," he said.

Callaghan: Bill of Rights

Publication of MLR 'may cease'

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

THE CHANCELLOR confirmed yesterday that major changes in the system of monetary control, including the possibility of ceasing publication of a minimum lending rate, are to be introduced in August.

Sir Geoffrey Howe said in the Commons that the Government might suspend the practice of publishing MLR and allow market forces to play a greater role in determining interest rates.

The Bank of England has already sent out draft provisions for a system which would give the Bank greater flexibility in its market operations.

The key feature is that a cash ratio should become the fulcrum of a new system of money market management rather than a reserve asset ratio.

During Treasury question time Sir Geoffrey was asked whether MLR served "any useful purpose" at present and whether it was going to be abolished.

Sir Geoffrey said it was the Government's intention to enable market forces to play a greater role in determining interest rates. Discussions on further improvements in monetary control were "well advanced" and the Bank had just issued a final draft of detailed provisions.

When these were put into effect "we shall aim to keep very short term interest rates within an unpublished band. It may then be appropriate to suspend the practice of publishing an MLR."

Also during question time Sir Geoffrey reiterated the need for "moderation" in the next pay round, but avoided mention of figures and dismissed the idea of a voluntary incomes policy.

He told MPs that real personal earnings had risen about 17 per cent over the last three years without any matching rise in output. The income of the company sector had fallen by 25 per cent in the same period.

"In these circumstances, there must be a matching change in the opposite direction," he said.

"If we are to secure a reduction in unemployment, there is an overwhelmingly strong case for pay moderation."

He challenged Shadow Chancellor Mr Peter Shore to endorse in the Commons the point that unduly high pay settlements meant unduly high unemployment.

Thatcher refuses challenge to reply to Heath attack

FINANCIAL TIMES REPORTER

MRS THATCHER yesterday sidestepped a pressing invitation from the Opposition to respond to former Tory Prime Minister Edward Heath's blistering attack on the Government's economic policies.

Labour Leader Mr Michael Foot demanded a reply to the speech, made yesterday at a conference of businessmen in London.

But, with Mr Heath sitting only a few feet away, the Prime Minister declined to give her reaction.

He resolute refusal prompted noisy scenes with shouts from Labour backbenchers eager to know the Prime Minister's views on the speech, in which Mr Heath had warned that high unemployment could lead to more crime and racial tension.

Several times the Speaker had to intervene to restore order.

Mr Heath, meanwhile, sat quietly, listening to his successor's response.

The former Premier broke a long political silence to make the attack yesterday. He called for a return to "concensus politics" and hte bandonment of the concentration on "simplistic monetarist formulas."

Mrs Thatcher said that "of course" she had read the reports of Mr Heath's speech. But she went on say: "I note that most of my fellow heads of Government of the European Council agree with the policies we are pursuing and are pursuing the same policies themselves.

Mrs Thatcher said: "The question is not the scourge of unemployment, we all agree on that, the question is what effective remedy to find. We believe we are going the right way to find these effective remedies."

Mr Hugh Dykes (C Harrow East) attacked the noisy opposition MPs, but urged the Prime Minister to consider whether it was now possible, with the unprecedented spare capacity of men and materials in the construction industry, to take "certain non-inflationary measures to revive the economy."

Mrs Thatcher said: "I would gladly like to increase the proportion of public spending spent on public investment. It would be a far better way of spending money that putting it into increased pay.

"But more pay without more output means more unemployment."

Dr David Owen (SDP, Plymouth Devonport) said the selective expansion proposals of Mr Heath were recommended by "many people in many parts of the country, not least by the electors of Warrington.

"There are many who believe there is an alternative, that there is a case for a selective expansion of investment in this country that is nothing to do with the hotch-potch of extravagant inflationary expansion recommended from the Labour benches."

Mrs Thatcher told him: "Perhaps unlike you and unlike others who propose the creation of inflation on top of inflation, I happen to agree with John Maynard Keynes."

Brittan hits at state industry 'campaign'

By John Hunt, Parliamentary Correspondent

CAMPAIGNS of a "political" nature by the nationalised industries to force the Government to relax its policy on public sector spending were condemned yesterday by Mr Leon Brittan, Chief Secretary to the Treasury.

He was replying to Mr Ray Whitney (C, Wycombe) who said it was surprising that chairmen of nationalised industries should undertake such extensive and expensive political campaigns in conjunction with the unions.

There were Tory cheers when Mr Brittan replied: "I think that such campaigns are not only surprising, but deplorable. I do not believe that the money obtained by nationalised industries, from whatever source, ought to be spent in this way."

Jobless warning in EEC split

UNEMPLOYMENT would reach at least 5m if Britain withdraws from the Common Market, a senior EEC official warned in London yesterday.

Sir Roy Denman, director general for external affairs of the EEC Commission, said British withdrawal would mean a "very messy and nasty divorce."

His remarks could well bring criticism from anti-market MPs of both parties.

Jenkins trails in poll forecast

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

MR ROY JENKINS is trailing well behind the Labour candidate in the Warrington by-election, even though an alliance between the Social Democrats and the Liberals would win a general election, according to polls published yesterday.

The first poll carried out in Warrington since the writ was moved showed support for the SDP running at 27 per cent. Labour has 57 per cent, the Conservatives 12 per cent and other parties 4 per cent.

It is essential for the SDP's credibility that Mr Jenkins at least runs Labour a good second in the first by-election test of the new party.

Yesterday's poll, carried out for Granada TV by MORI, suggests that the SDP has not made much of an inroad into Labour's share of the vote. Most of Mr Jenkins' support is coming from the Tories whose share of the vote, according to the poll, was less than half that at the general election—and the Liberals.

There was better news for SDP, however, in another MORI poll published yesterday in the London Evening Standard. This finds that support nationally for an alliance between the Liberals and the Social Democrats standing at 39 per cent as against 32 per cent for Labour and 27 per cent for the Tories.

The polls also underlined the importance of co-operation between the two parties. On their own, the SDP only got the support of 12 per cent

THE PROPERTY MARKET BY MICHAEL CASSELL

Brent Cross rent battle hots up

RETAILERS in the throes of rent review negotiations at Brent Cross shopping centre in north London appear to have had a little more ground cut away from beneath their feet by another new letting at the complex.

J. Hepworth and Son, the menswear group, this week announced it has assigned its 1,968 sq ft unit on the upper ground floor of the shopping centre operated by Hammerson Property and Investment Trust. A premium of £75,000 was paid for the lease—which has 20 years to run—and for the shop's fixtures and fittings.

But it is the rent that Walton will be paying over the next five years that will be of most interest to the Brent Cross retailers, which are strongly opposed to the rent increases proposed by Hammerson. Brent Cross opened in 1976 and the first review for just over half the 80 tenants fell due in March this year but terms have still to be agreed.

Walton has agreed to pay an initial rent of about £75,000 a year rising to around £90,000 by the fifth and averaging approximately £85,000 annually over the five-year period. The terms are virtually identical to those offered to Carvela Shoes, which took a similar sized unit earlier this year.

Both the Carvela and Walton deals work out at an average annual rental over the next five years of around £42 a sq ft. This compares with current rentals averaging around £15 a sq ft for similar sized standard units. Hepworth, for example, was paying a rent of £27,000—£13.70 a sq ft—prior to March.

Retailers at the centre, under the banner of the Brent Cross Traders' Committee, have already rejected rental levels based on the Carvela deal as being too high and not reflecting trading conditions in the complex. The committee is being represented by agents Gerald Eve.

Hepworth's assignment of its lease was complicated as completion of the deal took place around three months after the rent review fell due. As a result Hepworth is understood to have agreed reluctantly to pay an increased rent for the three-month period based on the starting rental of £75,000, but has not endorsed the full five-year rental package.

Both sides in the rent review negotiations will be examining the latest deal with Walton. Retailers will undoubtedly argue that Hepworth's reasons for seeking a deal at this stage was that income from its store could not justify the rental increases being asked for by Hammerson. Moreover the premium paid by Walton largely reflects the value of fixtures and fittings.

On the other hand Hammerson's position would appear to have been strengthened by the two recent lettings. Victor Behrens, Sandhurst and Co and Molyneux Rose acted for Hepworth in the latest deal.

Andrew Taylor

Eros plan not sunk

DESPITE attempts by Lord Grade's Associated Communications Corporation to sell its Eros site in London's Piccadilly Circus—still in prospect last week as the group gave its own version of the Titanic disaster—there still seems a chance that ACC will take an Eros development plan through to fruition.

The story to date is that Lord Grade's ACC produced Raise the Titanic—a film which cost it nearly £3m in losses before interest charges—and there was talk of a 1½ acre site flanked by Denman Street and Great Windmill Street in Soho being sold for a similar figure.

In fact, according to a spokesman for ACC's Bentray Investments property offshoot, there is a site of about half an acre (23,000 sq ft) and surrounding investment properties.

On site, Bentray has already carried out the first stage of development, putting a garage on the ground and first floors.

It has strengthened the foundations to take an upper superstructure, subject to planning negotiations with the Westminster City Council.

Bentray concedes that the sale of this property would be a main board decision. But it would like to get planning permission before any such decision is implemented.

The site came in with ACC's acquisition of Laurie Marsh's Intereuropean Properties and planning permission for a theatre / restaurant complex which Bentray found to be too expensive.

Lehndorff hits town

"AT the end of the day, the British estate agent's knowledge of the North American real estate market is limited and his attempts to advise UK investors are restricted by his lack of experience.

"He is a newcomer trying to represent newcomers and, unlike us, is not prepared to back his judgment with his own money."

Fighting talk from Jan von Haeften, the man behind Lehndorff, the property investment and management group which for 16 years has helped European individuals and institutions place their money in North American real estate.

The group has a 700-man team spread across the United States and Canada and now manages a portfolio with assets of around $1.5bn—"we have not revalued since we started"—involving 450 properties.

Included are more than 100 shopping centres, 62 office buildings, 115 industrial complexes and 91 apartment buildings. Over half the managed portfolio is in Canada, with the sun and oil belts proving to be the favoured areas in the United States.

Now Lehndorff has decided to try and attract British investment clients and while it will be happy to help any remaining wealthy individuals, it has its eye on the medium-sized pension funds.

The UK operation is to be headed by Eric Hampshire, who this week retired as treasurer of the British Gas Corporation, for which Lehndorff has acted in the past. Mr Hampshire, who has also joined Manchester Exchange Trust, is a well-known figure among the ranks of funds managers and he believes that the group will be able to offer potential investors more than they can now expect through the existing network of agents and surveyors who have gone to the U.S. and set up shop in the last few years.

Participation

Lehndorff will locate, purchase and, if required, manage property for investors or it will itself participate in partnerships to acquire and run real estate investments. The group is normally prepared to take anything up to a 50 per cent equity stake in any one deal and will contemplate going even higher if necessary.

Mr Hampshire believes that the group's services may prove particularly attractive to local authority pension funds in the UK who wish to invest in North America but do not know how to go about it. The group is keen on syndicating investments and says that if, for example, several large local authorities wished to participate in North American property ownership they could combine resources and Lehndorff would take up the balance of any investment.

Mr Chapman, who from August will be based in the City Road, EC1, says that Lehndorff has intimate knowledge of local markets and, with its ability to raise equity funds internationally, has already helped 4,000 investors buy a stake in North American real estate. The group's figures were published yesterday, showing a return on investor's equity of 10.7 per cent, against 7.2 per cent in 1979.

According to Mr von Haeften, the entire North American real estate market—"people over here seem to forget about Canada but the potential returns on property are excellent"—is becoming progressively more competitive from an investment point of view and historically high yields are being whittled away in the process. Fewer new properties are being developed because of the problems of obtaining proper financing and a tight market looks set to continue.

"In these conditions, our knowledge and experience of the total market, together with the prospect of on the spot management, can combine to offer an opportunity which the UK agents cannot hope to match. Most importantly of all, we will go in with our own money to support the decisions we take." UK agents please reply.

● **Ramac Holdings, a Sevenoaks-based property and construction company, has paid £1.8m for a 12½ acre site at Greenwich, east London from G. A. Harvey, a subsidiary of Butterfield-Harvey. One existing building will be refurbished and about 10 acres will be redeveloped as an industrial estate. Dron and Wright acted for the vendors.**

● **Unilever Superannuation Fund has paid over £1¼m for five prime shops in Baxtergate and Frenchgate, Doncaster. Lambert Smith and Stewart Newiss acted for the Fund in the purchase**

St Martins does some weeding out

ST. MARTINS Property Corporation may not jib at the prospect of investing over £20m in the Hay's Wharf redevelopment scheme on London's South Bank. But it is clearly not so keen on properties which are small, secondary or suburban/provincial with residential content.

The property arm of the Kuwait Investment Office since its 1974 takeover, St Martins has just sold 25 properties—current total income £250,000 but all with reviews or reversions pending—fro a total of £2¾m at a Healey and Baker auction.

The package of shop, residential and office investments was largely concentrated in the London area (Tilbury, Ilford and Grays) but the combination of small units was widely dispersed as far as Rugby, Consett and Bath, did not fit the policies of St Martins or the KIO.

Brian Cann, joint chief executive of St Martins, said this week: "They didn't enhance our portfolio." David Buchanan, a leading light at the KIO and also a director of St Martins, took the argument a stage further.

"It's not the first property we have sold. St Martins came with a lot of properties which were just not worth the time an investment manager would have to spend on them."

He also emphasised the residential aspect. "Being owned by a foreign government," remarked Mr Buchanan, "it's not the sort of property you would want to be associated with."

Being somewhat secretive about their affairs, it is not always easy to know just what St Martins and the KIO are associated with. Three shops in Springfield Road, Chelmsford, and other assorted bits and pieces can at least now be crossed off a very long list.

ARUNBRIDGE Industrial Estates, headed by Ronald Lyon, has purchased two factory-warehouse sites in the High Wycombe area and one in Beckenham, south London, for about £3m. Conrad Ritblat, acting for Arunbridge, say schemes providing 250,000 sq ft of new space will go ahead and will have an investment value of about £11m. One third of the space has already been pre-let with rents in excess of £350 being achieved.

● **London's Ceylon Tea Centre in Regent Street is to be redeveloped to provide new facilities for the Centre, 14,000 sq ft of offices for letting and one new shop unit. Weatherall Green and Smith are development consultants and letting agents**

● **Debenhams wants to assign their leasehold interest in Lakeside House, the 36,000 sq ft headquarters office building in Squires Lane, Finchley. The lease expires in 1988 and rent passing is £156,675 a year, subject to a 1983 review and then every five years. Debenham Tewson and Chinnocks and Browett Taylor are also seeking a £95,000 premium for lease, fixtures and fittings.**

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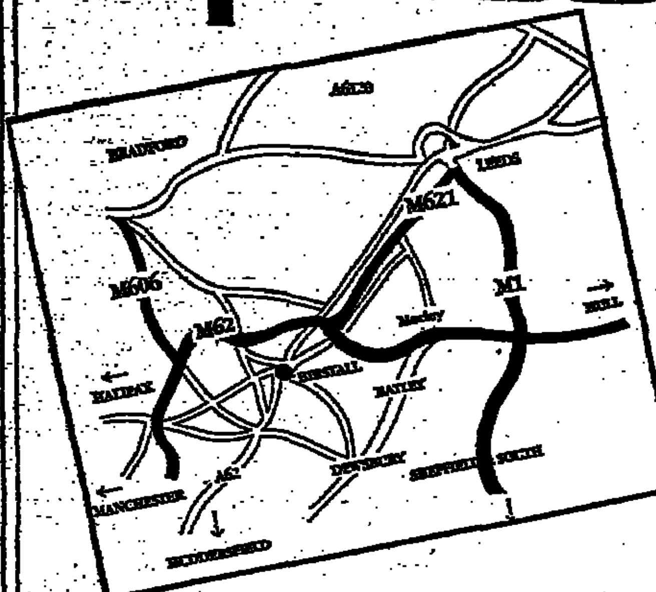

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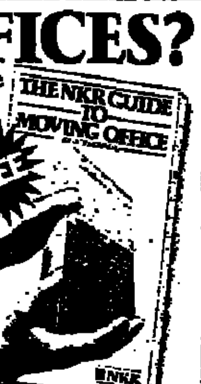

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Civil servants reject all-out stoppage call

BY NICK GARNETT, LABOUR STAFF

THE Civil Service unions voted yesterday—by eight-unions-to-one—for continuing selective action and against an all-out stoppage.

Only the Civil and Public Services Association, the largest Civil Service union, voted to start an all-out strike. Its executive was meeting later to discuss the decision of the Council of Civil Service Unions.

One senior union official said selective strikes could continue until October or November. Mr Tony Christopher, general secretary of the Inland Revenue Staff Federation, said the possibility of them running into next year could not be ruled out.

The unions are however to meet again on July 14, to review the position. A confidential resources report for the period to June 26—before the unions' special levy was fully underway—indicated that existing union resources to bridge the gap between strike levy revenue and expenditure on the dispute might cover only the cost of the present selective stoppages for three to four weeks.

That estimate does however take into account the possibility of making back-pay payments for strikers.

The report says strike pay to that date has totalled £6.1m levy income being £4.75m. Levy income appears to have risen from an average £300,000 a week to about £490,000.

The unions said yesterday that an all-out strike to end the dispute might become necessary.

They also decided that under present circumstances they would not submit evidence to the Megaw inquiry for the time-being. They will however, almost certainly make representations later.

A letter to Lord Soames, Lord President of the Council, says the Government's unilateral decision to set up the inquiry "does nothing to settle the dispute about our 1981 claim, neither does it make a contribution to the unresolved 1982 position."

Elinor Goodman writes: The Government has decided there is no way to circumvent the air-traffic controllers' strike at present. The strike, in its 18th week, is causing serious disruption to passengers and cargo-traffic.

Left-wing miners may claim £100 minimum

Financial Times Reporter

THE LEFT-WING of the National Union of Mineworkers is preparing itself for another assault on the Government at next week's NUM conference.

Pay is likely to be a major basis for the challenge, with demands for a minimum salary of £100 a week for the lowest paid surface workers.

As NUM leaders arrived in Jersey last night to prepare for the conference, Mr Arthur Scargill, president of the Yorkshire miners, said:

"There has to be a recognition that the demand for higher wages is not merely a claim against the National Coal Board. It inevitably has to be a claim against the Government who, by their statements and policies, have imposed an incomes policy."

Mr Scargill also called for a halt on pit closures unless they were exhausted. There should also be a ban on all imports of coal into Britain and a ban on the 15m tonnes of oil imported for use in the electricity generating stations.

The claim for a £100-a-week minimum wage for surface workers seems likely to gain general support at the conference as it was the figure called for last year too.

Railwaymen vote for a federated union

BY PHILIP BASSETT, LABOUR STAFF

THE National Union of Railwaymen took a historic decision yesterday by agreeing to join a TUC-regulated federation of railway unions—a move which could limit the inter-union friction in the industry causing a number of serious disputes.

The decision, at the union's annual conference in St Andrews, to join the proposed federation is aimed at creating a single union in the industry within the next four to five years.

Mr Sid Weighell, NUR general secretary, hailed it as the most significant step the NUR had taken since its formation in 1913.

The Associated Society of Locomotive Engineers and Firemen—the train drivers' union Aslef—has already given its agreement to the idea of a federation.

Having for the first time secured agreement to a formal link-up of the NUR, the largest British Rail union, and Aslef at the same moment, Mr Len Murray, TUC general secretary, will now act quickly to finalise the arrangements and to establish the federation.

Mr Murray, weary of the strained relations between the two unions, has been instrumental over the past two years in coaxing them towards this agreement.

A measure of the priority he has placed on it is that he has left early meetings of such key bodies as the National Economic Development Council to attend discussions on the proposed rail federation.

The one remaining problem for Mr Murray, which he is expected to concentrate on at an early meeting with the union, is the surprising refusal of the white-collar Transport Salaried Staffs' Association to commit itself fully to the federation. It Yhad been felt that most opposition to the idea might come from Aslef.

The 36-strong TSSA executive is thought to be in favour of the federation. But the opposition has come mainly from the union's senior officials.

However, the pressure from Mr Murray, and the fact that the real industrial strength of the railways held by the NUR and Aslef will be in the federation, may well combine to shift the TSSA.

Mr Weighell told his conference yesterday: "If the TSSA doesn't come in next week, then within a year they will be knocking on the door to do it. Because I will be quite blunt about it—if the two unions are together they will run the show."

The TSSA's main objection lies in its opposition to the final one of the proposed federation's eight objectives, which is to work towards the establishment of one union on the railways.

This was also Aslef's main stumbling block. But the financial pressures on the small union, which has only between 20,000 and 26,000 members, are intensifying. Members' subscriptions are among the highest in the TUC. The union recalled its conference this week to decide on structural changes to its divisional offices to try to keep down costs.

Yesterday's decision—after a three-and-half hour discussion on the issue which included a detailed and exhaustive question and answer session on the facts followed by a considered debate on the principles—was a personal triumph for Mr Weighell who believes there should be fewer unions in the TUC. He feels that there should be as few as 20, though he realises he has little support for that view among other union leaders.

The establishment of a federation will be warmly welcomed by British Rail. Its industrial relations difficulties at a time of great financial stress on the railways have for long been compounded by the deep differences between the NUR and Aslef.

The most recent instance of serious inter-union difficulties occurred two years ago, when a payment to NUR pay-train guards was followed by a consequential responsibility claim for 10 per cent from Aslef whose members supported it with four one-day national strikes. It was only uneasily settled with a 5 per cent award from a tribunal.

The proposed federation would have a council in which the NUR would hold 19 seats, the TSSA 10, and Aslef 9. This would establish a delicately-poised voting ballot which could be over-ridden by the application by any union of a veto on any decision.

As well as bi-monthly meetings of the federation's council, it would hold an annual conference comprising the executives and senior officers of all the unions.

The TSSA and Aslef have been worried about being swamped on the council by the NUR. But at the conference a combination of the TSSA (36 executive members) and Aslef (seven) could defeat the NUR (26)—so the veto would again be available.

Mr. Weighell said yesterday that repeated use of the veto would mean a failure of the federation. It would have to be reported to the TUC for disciplinary action, and this could eventually lead to suspension of the union involved from Congress if necessary.

Proposals for the formation of the federation, drawn up by the TUC and the unions, are accompanied by strict guidelines on membership recruitment, particularly in the area of most difficulty—that of train crews. Only about 10 per cent of train drivers are NUR rather than Aslef members.

Mr. Weighell hopes that a single union could be created in the industry within four to five years. Pressure from rank and file union members, who may not be as protective of their traditional positions as some senior union officials, may shorten that timetable considerably.

Builders seek labour law reform

BY NICK GARNETT, LABOUR STAFF

FAST but limited changes to existing industrial relations law is recommended today by the National Federation of Building Trades Employers. It wants changes made in laws covering observance of procedural agreements and union labour-only clauses in contracts.

Its recommendations are contained in its submission, made to Mr James Prior, Employment Secretary, on the Government's Green Paper on trade union immunities.

The federation, representing 10,000 companies, also urges attempts to secure a consensus for much more radical changes, which might be introduced in the next Parliament.

It says that in this context it favours a whole new legal framework, based on positive rights for unions to strike in certain circumstances.

The federation's evidence includes however tough riders to this. It stresses the importance of gaining consensus support on any deep, long-term law revision.

The federation said that if such support was not achieved it was all too likely that such reforms would be rapidly reversed by their opponents as soon as they had a chance to do so.

It said repeated changes in the legal framework in which industry had to operate created damaging uncertainty and meant it was doubtful whether it was worth making such changes in the first place.

Moreover, unless legislative changes were seen as being properly balance and as commanding wide support, there was bound to be strong resistance to attempts to implement them. Further, many employers would be reluctant to exercise legal rights if they thought this would lead to unacceptable costs in industrial relations.

On short-term changes the federation says the law should be altered so that an employer damaged by action where procedural agreements were not properly observed could sue the organiserse or the union concerned, for an injunction or for damages.

Union labour-only clauses, it says, should be made legally null and void so that even if they are inserted in contracts by clients they will not be enforceable within the law.

NEGOTIATORS for the construction unions agreed last night to recommend for acceptance a new pay offer made by building and civil engineering employers.

The new proposals essentially improve the increase on guaranteed minimum earnings from the previous offer of 6.2 per cent to 6.8 per cent. The first stage of the offer though would now operate from July 20 rather than June 29.

For craftsmen, the basic would rise in July to £74, the guaranteed minimum bonus to £12.20 and the guaranteed minimum earnings to £86.20. In November, when a 39-hour week comes in, the respective figures would be £74.10, £12.09 (correct) and £86.19.

For labourers, the basic would rise in July to £63.20, the guaranteed minimum bonus to £10.20 and guaranteed minimum earnings to £73.40. In November, the respective rates would be £63.37½, £10.14 and £73.51½.

Association backs four in closed-shop sackings

BY PAULINE CLARK, LABOUR STAFF

CONTROVERSY over union closed shops in local government threatened to intensify yesterday as the Freedom Association declared its backing for four employees of Walsall Metropolitan District Council in the West Midlands who have been sacked for refusing to join a union.

The association said yesterday that the council's closed-shop agreement was similar to the agreement which led last February to the dismissal of Ms Joanna Harris, a poultry inspector with the Sandwell district council, West Midlands.

Both major unions in local government — the National Union of Public Employees representing manual workers, and the National and Local Government Officers Association, representing white collar staff—have similar national policies firmly in favour of closed shops.

The situation in Walsall was said by the Freedom Association to have come to a head over the past two months when four long serving part-time women employees were sacked for refusing to join one of the unions involved in the closed shop agreement

Shipyard unions say halt cuts

BY JOHN LLOYD, LABOUR CORRESPONDENT

DELEGATES to the Confederation of Shipbuilding and Engineering Unions called yesterday for a halt to further cuts in British Shipbuilders' labour force and capacity, and pledged support for the Dundee yard of Robb Caledon, which is under threat of closure.

Disagreement emerged on the unions' position on the Government's defence review, but the conference carried by a large majority a motion to oppose the cuts in the naval surface fleet "by all means available to them."

Mr. Bill Niven, national officer of the white-collar engineering union AUEW Tass, moving the resolution on the industry, said: "The process of cutting has gone far enough.

"Both in terms of employment levels and capacity, we believe that the situation is close to the bone.

"The position British Shipbuilders is in is one of always arguing that it is close to viability, but just one step away. With 3m unemployed, we must say 'Thus far and no further'."

Mr Jim McCormick, a Transport and General Workers' Union convenor from the BS Yarrow yard, said: "We must stick to the line, no compulsory redundancies, and we must be prepared to fight."

A substantial delegation from the yard, earmarked for closure in August, forcefully lobbied the conference and was told the issue would be discussed at a meeting between the Shipbuilding National Committee of the CSEU and BS next Wednesday.

BS says that some 145 of the 432 workers have already accepted redundancy terms.

The dispute over defence came when an emergency motion deploring the naval cuts was introduced by Mr Jim Murray, general secretary of the Boilermakers' Society and chairman of a shipbuilding national committee.

THE MANAGEMENT PAGE

Small businessmen unite against Europe's tax system

BY MARGIE LINDSAY

THE UK small businessman has a strong dislike of the British tax system. His counterpart in West Germany feels much the same about *his own country's* regime. Indeed, throughout Europe small businessmen see tax as a major enemy.

Yet, while they may be united in their view, small businessmen in each country live with tax systems that are very different in their composition and effect.

Just how different is highlighted in a detailed study of the impact of taxes on European small businesses which is to be published shortly by EMSU, the European small business union established in 1977.

Details of the report emerged at the recent annual congress of EMSU in London. At the congress, members made a strong attack on European tax rates, arguing that they were *crippling small businesses*.

EMSU wants governments to reduce the burden of tax on small and medium sized businesses and to harmonise taxes on spending, income and capital throughout Europe.

As a group, EMSU has drawn together a membership throughout Europe in less than five years and has begun research into problems facing small businesses generally. In particular, the group has focussed on the problems caused by varying rates of taxes.

At the congress, Mrs Margaret Thatcher, the British Prime Minister, expressed support for EMSU's cause, while Sir Keith Joseph, the Industry Secretary, also declared his allegiance to free enterprise and to small business especially.

EMSU's survey shows the effect of the different tax systems in Europe on two fictitious companies—one a retail shop in the country and the other a medium-sized, privately-owned industrial company. The impact is shown of taxes in the UK, Austria, West Germany, Switzerland and France.

Unsurprisingly, the regime with the lowest tax is Switzerland, where tax, operating as an effective charge on profits and capital, works out at about 25 to 30 per cent of the effective rates applying in *other* European countries.

West German tax rates are around 20 per cent lower in impact than taxes in Britain, *although* the rates at which tax starts in the UK are the highest in Europe. The UK also has the highest personal exemptions.

Taxes in France on income and capital are slightly lower than those in the UK and German tax rates on income and capital are lower than those in France. But following the election of a socialist President and parliament in France these and other benefits to French businessmen may change.

Four-tier VAT rate

When the survey evaluated value added tax systems throughout Europe it found Austria had above average surcharges on social security and a four-tier VAT rating system—not only complicated but time-consuming and costly for industry.

But Austria *does* have an "anticipatory" tax deduction of 25 per cent on fixed capital investment which is an offset against replacement cost, and 50 per cent on movable capital investment, deducted from profits before tax.

Austria gives tax depreciation on equipment in excess of actual cost, a state of affairs unique in Europe, thus allowing businesses to claim for the cost of replacing assets.

In West Germany manpower taxes (like national insurance) at regional level have been reduced recently, but these are still considered high. Inheritance tax rates in West Germany are, however, lower in comparison with the UK, France and Austria.

Switzerland gives significant tax privileges to new business for up to the first ten years of their *life* by allowing them relief against Cantonal and municipal taxes on net earnings and on their capital base.

French income tax rates *at* the moment start at five per cent and end at 60 per cent, compared with 30 per cent and 60 per cent in the UK.

One attractive advantage in France is that it is possible to transfer a proportion of profits to reserves out of profits before tax. This is something the Germans, Italians and British have been lobbying for but have not had much success in achieving.

In effect this is a form of inflation adjustment to protect the purchasing power of equity in small companies.

According to Christopher *Kirkham-Sandy* and *Tony King*, co-authors of the report, the proportion of funding which small businesses need for capital investment is increas*ingly coming from borrowing*, rather than *from* retained profits and equity. This, they say, indicates the inadequate level of retained profits to *maintain the* buying power of existing capital.

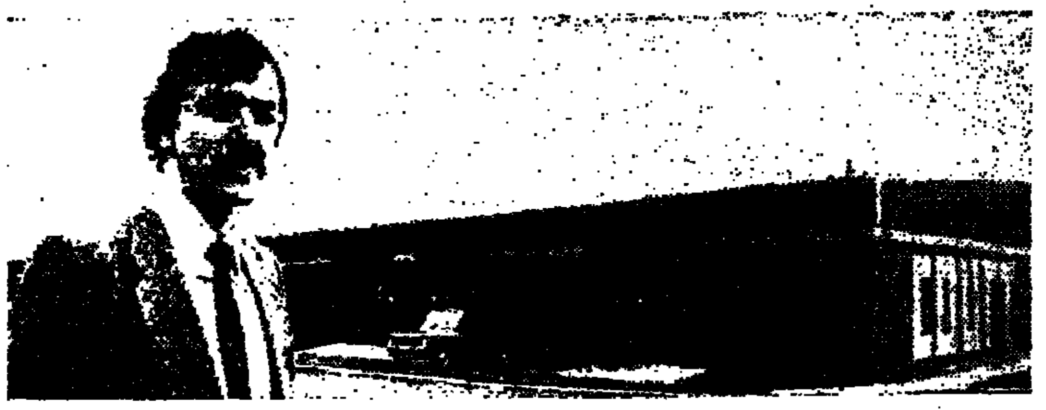
In conclusion the report maintains that as long as inflation rates remain high, it is imperative that taxes are moved onto an equity base which takes account of inflation. But no matter what incentives are available, small businesses are always more aware of high tax rates than they are of concessions.

The final report by EMSU will be ready in September and will contain detailed accounts of tax systems in all the countries surveyed.

A solo venture into biotechnology

A top British chemist has returned home to start his own laboratory. Ian Hamilton Fazey reports

Profile



Dr. Stanley Moore—operating from a "Tom Thumb" mini-industrial unit in Warrington New Town: "I'm afraid I'll never be a mass employer. The minimum qualification you need is a PhD in peptide chemistry"

STANLEY MOORE is one of the world's most highly qualified bricklayers; he even has a Ph.D. in the subject. Last year he gave up a promising academic career in North America to return to Britain. His aim—to corner the market in fancy bricklaying.

Dr Moore does not lay common or garden bricks. His bricks are biological ones, the very building blocks of life itself, known more formally as amino acids.

Lay some of them end to end and on top of each other and you get the biological equivalent of an ornate garden wall, called a peptide. Lay even more of them down and you get a more elaborate structure, perhaps the biological counterpart of a house, only this time it's called a protein molecule.

Moore, who is 35, is an expert on making peptides, and as peptides are an essential ingredient in much research associated with biotechnology, he expects his company, Merseyside Laboratories, to prosper.

Some peptides are hormones, the chemicals secreted by the body to control such things as fertility, transmission of messages down nerves, digestion, growth, or the quickening of the pulse when one gets angry. Some also act as triggers, turning on or off the body's production of the enzymes that control metabolism. The body makes them, uses them, breaks them down into amino acids again, and gets rid of them.

Soon, in his "Tom Thumb" mini-industrial unit in Warrington New Town, Moore will be making them too. But he'll be storing his in the fridge to supply the growing demand from people, in both industry and universities, who are doing the work that will form the basis of much biotechnological advance in the next decade.

The peptides he makes will augment the list of those he already markets as the UK and European agent for a co-operative of peptide chemists in California called Peninsula Laboratories. Peninsula's success in the U.S. deterred Moore from competing there, but UK and European markets were wide open, so he moved home to the North West last summer to start his own business.

To do so, he gave up his job at Lavalle University, Quebec, sold his house in Canada, used half the proceeds to buy a modest home in St Helen's, Merseyside, and the other half to set up in Warrington.

To spread his base, he supplies and makes other material for biotechnological research and has just diversified into snake venoms. These are full of enzymes and peptides and researchers use them in work on things such as blood-clotting and the nervous system.

The key to Moore's business is the complex difficulty of making peptides. It is not just a matter of mixing chemicals together; everything has to be done so that the right "bricks"—the amino acids—are laid in the right order and at the correct angles to each other.

An "A" level in chemistry would not be enough to be able to do the job. Moore says: "I'm afraid I'll never be a mass employer. The minimum qualifications you need to understand the reactions and get the purification and quality control right is a Ph.D in peptide chemistry."

That requirement does, in fact, explain why the market for his products exists. Research workers, particularly if in industry and highly paid, are reluctant to "waste" the week or two it might take to make a peptide for research, especially when the amount required might be only half a *milligram* (about two one-hundred-thousandths of an ounce) and especially when so much can go wrong if you *haven't been practising*.

Any laboratory specialising in peptide manufacture, however, benefits from economies of scale and may be able to make up to 60 "standard" peptides in parallel batches, as well as offering a custom synthesis service for special ones. Economies of scale or not, manufacture is still difficult, and this is reflected in the price, with half a milligram costing from £9 to £57, depending on complexity.

Starting materials are expensive too, and with 10 grams of each involved amino acid needed to make one gram of peptide, *raw* materials can easily account for over half the selling price. Achievement of, say, 20 per cent gross profit margin on each batch is not easy.

Despite the fact that a year's production might fit into a couple of laboratory jars, production engineering principles still apply; the most-demanded peptides have the tightest profit margins while the custom-made ones—produced confidentially for researchers wanting to study very specific molecular behaviour—cost much more.

Moore learned his skills at *Liverpool Polytechnic*, where he took his first degree and his PhD. In 1972 he went to Boston, Massachusetts, to work for the Children's Cancer Research Foundation, and then moved to Hoffman La Roche in New Jersey as a research fellow.

Bilingual

In 1975, he returned to Liverpool, this time to the university, to develop new techniques for establishing molecular structure, *and then* moved to *Quebec* a couple of years later. His association with Peninsula arose from his being a regular customer.

The Quebec experience proved invaluable for a very practical reason—he had to become bilingual in English and French. Now he teaches French at night school to subsidise his family's income. He says: "I'm taking the least out of the business I can get away with. I went into profit in April and I'm using any surpluses now to keep buying more equipment."

Moore has refused several offers of financial backing. "I'm not doing all this and taking such risks to work for someone else," he says. "Of course, I could move much faster if someone put up £100,000, but it wouldn't be all mine any more."

His 1,000 sq ft unit is in a terrace of similar ones purpose-built for one-man entrepreneurs. *Each costs £2,000 to rent*, with rates about the same. Since his company's prime need and asset is his own skill, he has had no need to employ anyone else yet. His wife types his growing number of invoices, he uses a home-typing service for his sales material and price lists, and a sophisticated telephone-answering machine frees him to attend conferences and scientific meetings to keep up with his field and make and maintain contacts.

His marketing approach has proved very effective. He selects target researchers from the scientific literature and mails them directly. Personal cold calling is out because, he says, speaking from experience, academics hate being on the receiving end. His own eminence as a widely published peptide chemist also helps his market credibility.

The bare walls and uncovered concrete floor of Stanley Moore's *factory* house his basic equipment—a laboratory bench, some apparatus, and a fridge for the peptides, hormones, amino acid derivatives, chemical reagents and venoms that comprise his stock of finished goods. There is also a comprehensive technical library contained in adapted cardboard boxes, a desk, collapsible bed in case he has to work all night, and only one chair. By the door he keeps the 100 cc Suzuki motorbike he uses to commute from home more cheaply than his car will allow.

He is very certain of his skills and market. As the age of biotechnology dawns he is well set to lay his biological bricks to order, knowing that his prefabricated wares are in increasing demand. It is hard even to think that he might fail, considering the pep he puts into the tide of technological change.

Management abstracts

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £2.50 each (inc VAT and p and p: cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

Developing Countries and Foreign Technology. H. W. Wallender in The Columbia Journal of World Business (U.S.), *Summer 80*; p. 20 (8 pages, chart, table)

Examines limitations which developing countries have tried to place on the import of foreign technology (over, say, the excessive use of expatriate personnel); sees signs of growing flexibility, and discusses how multinationals can handle negotiations in a way which balances their interests with those of host countries.

Management Selection. A. R. Sells in Personnel Administrator (USA), Dec. 80: p. 25 (3 pages)

Discusses the pros and cons of using external search consultants or in-house selection methods for engaging managers, particularly in divisionalised and decentralised organisations. Sees the need for establishing a centralised recruiting function, and outlines its advantages.

Word Processing and the Secretary. E. Macdonald in The *Training Officer* (UK), Dec. 80; p. 338 (2½ pages).

Points to well-known areas of inefficiency in the boss/secretary relationship, and *discusses—from the secretary's* viewpoint—how WP equipment can provide better resource utilisation if both of them understand its implications and work towards *clear-cut goals*.

Choosing Compatible Acquisitions. M. S. Salter + W. A. Weinhold in Harvard Business Review (U.S.), Jan./Feb. *81: p. 117 (10½ pages)*

Presents guidelines for screening and selecting acquisition candidates that would diversify an acquirer's operations: describes economic, strategic and managerial variables in a candidate company that can have the greatest impact on value creation, in terms of either financial return on risk or the potential for integration.

Why Lego Chose Switzerland. W. Grob in Management Zeitschrift (Switzerland), Feb. 1981; p. 77 (3 pages, in German, English version available)

Explains why the Danish toy manufacturers, Lego, having built up world-wide distribution for their product, set up a manufacturing plant in Switzerland, which is neither a low-wage country nor a tax haven. The principal motive to emerge is the high calibre of the work force to facilitate technological innovation, which might sour industrial relations in established plants.

LOMBARD

If Labour had won in 1979 . . .

BY PETER RIDDELL

A MISSING THEME in the current debate about the economy is whether the events of the last two years would have been very different if Labour had won in 1979. To listen to *Mr Michael Foot one might* suppose that all would then have been for the best in the best of all possible worlds.

My hunch, however, is that the pressures have been such as to limit what any Government could have done, even though the Tories have made serious mistakes.

Problems

First, a recap to the *heady* days of early May 1979. It was already clear then that the economy was heading for serious problems after the "winter of discontent." The 12-month rate of retail price inflation might just be in single figures but the underlying (six-month) rate was in the early teens, and rising. Public spending was already starting to break loose, and borrowing was overshooting.

What would Labour have done? *The comments of Mr* Foot *and* his colleagues since 1979 are not a reliable guide given the tendency of all oppositions to *ignore previous* actions. There were admittedly strong pressures for the "alternative economic strategy" in 1979. But, on balance, the Callaghan / Healey leadership might have been strengthened and felt able to maintain the thrust of policy, including, of course, monetary targets and presumably also a search for a fresh agreement on pay restraint.

Fiscal and monetary policy would probably have been tightened *in 1979. As Mr Joel* Barnett, the outgoing Chief Secretary, has admitted, a major spending review would have been required to deal with the results of the rise in public sector wages.

The key question is how Labour would have responded to the sharp rise in oil prices and in sterling, which had *started before the election. The* issue largely turns on how far one believes the rise in sterling reflected the attempted tightening of monetary policy via high interest rates or was a response to petrocurrency pressures. My guess is that the petrocurrency factor was very powerful in 1979-80.

The Government might have tried to hold down sterling but *any action might*, at most, have slowed the appreciation. Ironically, Labour's reluctance to remove outward exchange controls might have added to the upward pressures. So a competitive squeeze on manufacturing industry was probably unavoidable leading to falling output and rising unemployment.

In the face of a deepening recession Labour might have adopted a slightly more relaxed fiscal and monetary stance than the Tories originally proposed. Housebuilding might not have been cut as much as it has been, special employment measures might have been on a larger scale and the employer's national insurance surcharge might have been cut.

Overall, the best *that* can be said is that under Labour an experienced Chancellor might have been more adept than a new Tory one in dealing with the *strong external* pressures of 1979-80. The fall in output might have been *slightly* less than has occurred, and some of the impact *might have* been better cushioned, but a recession was inescapable. Similarly, the inflation rate would have risen at least *to the upper teens under* Labour (compared with *a May* 1980 peak *of* 21.9 *per* cent) because of the rise in oil prices and wages, even if VAT and public sector charges were increased less than under the Tories.

Scope

By now, however, the poten*tial scope for improvement in* productivity and in inflation might be less. And expansionist and protectionist pressures could well have triumphed, creating a much worse inflation outlook.

The last two years would have been bad for producers and good for consumers under either party. It is as mislead*ing for the Government to* maintain that the current problems are unavoidable as it is for the Opposition to argue that they could have been almost entirely avoided.

A long weekend for the town

BY JIM MULRENAN

AROUND BRITAIN

CONSETT

BUSTLING SHOPS and busy streets. Consett, County Durham, looks like any other small town on a Saturday afternoon.

Families peer through a travel agent's window, men stand outside a crowded pub, a group of teenagers hang around a record shop. Only today is a Tuesday.

Weekends no longer have any meaning in the town where a job has become virtually a luxury.

In the space of just one year the Consett area has lost its two biggest employers and turned into an industrial disaster area.

Last September the steelworks that had provided work for generations closed with the loss of nearly 4,000 jobs. Then Ransome Hoffman Pollard closed its bearings factory with the loss of another 1,300 jobs.

With one man in three now unemployed and a generation of young people growing up to a future that must seem devoid of hope, Consett *is the most* intractable of County Durham's many problems.

Golden handshakes that in some cases *topped £20,000 have* maintained the appearances of prosperity and bought a little time for the town to find a new future.

Previous steel redundancies and a legacy of pit closures meant that the area already suffered from chronic unemployment. No fewer than 10,000 jobs will be needed over the next five years to bring unemployment down even to *national* levels.

A package of incentives put together by the Department of Industry, the local authorities, the European Community and the British Steel Corporation's job hunting agency, BSC (Industry), has given Consett what is claimed to be the best deal available outside the most troubled areas of Northern *Ireland and Southern Italy.*

As Consett is in a special development area Government grants of 22 per cent are available *towards buildings* and machinery. On top of these, Durham County Council is prepared to offer mortgages on land and buildings at 14.5 per cent over 15 years — 25 in special cases — and a site preparation grant of £3,500 an acre.

A further grant equal to the first year's mortgage interest charges *or two years* rent free in the case of one of the county's nursery factories is available and is augmented by a two-year rate-free period.

The Derwentside district council is prepared to match the *county's incentives* while BSC (Industry) can negotiate on a fairly flexible basis over a whole range of matters.

Finally, help of various sorts is available from a number of Common Market funds.

Alongside *this impressive* package, the county council has embarked on a drive to make Durham attractive to mobile industry by improving the environment and brushing off the old slag-heap image.

Reclamation of the 600 acres of steel works and slag heaps at Consett has already started. Over the past few years more than 11 square miles of land has already been cleared of old pit workings and other forms of dereliction.

Perhaps the best indication that the incentives are working is the fact that in the 10 months *since the steelworks closed,* 51 companies have either been attracted to Consett or have expanded existing factories.

These projects have so far created 600 jobs, with the promise of a further 600 over the next three years.

Virtually anywhere else, a success story on this scale would be a cause for celebration. In Derwentside, with nearly 8,400 people unemployed and a jobless rate of 26.4 per cent, it is just a reminder that the 10,000 job target is still a long way off.

Although the closure of the steelworks and RHP naturally attracted the headlines, the present recession has cost County Durham 70 companies and 15,000 jobs.

What is particularly disturbing is that many of these *closures were second generation* companies, such as Courtaulds, which was attracted to County Durham during the great spate of pit shutdowns in the 1960s.

Coal mining, which was once by far the biggest industry in *the county, continues to decline* steadily in importance. Primary industries, which accounted for nearly 40 per cent of employment in the 1950s, are now down to below 10 per cent, while manufacturing and particularly the service sector has grown to fill the gap.

The National Coal Board currently employs about 18,000 *people*, but this figure is expected to fall, perhaps to 10,000 by 1990 as pits, in many cases dating from the last century, are exhausted.

Although job losses have heavily outweighed gains over the last few years there have been a few substantial newcomers, notably Carreras Rothmans, which has opened two factories that will eventually employ over 1,800.

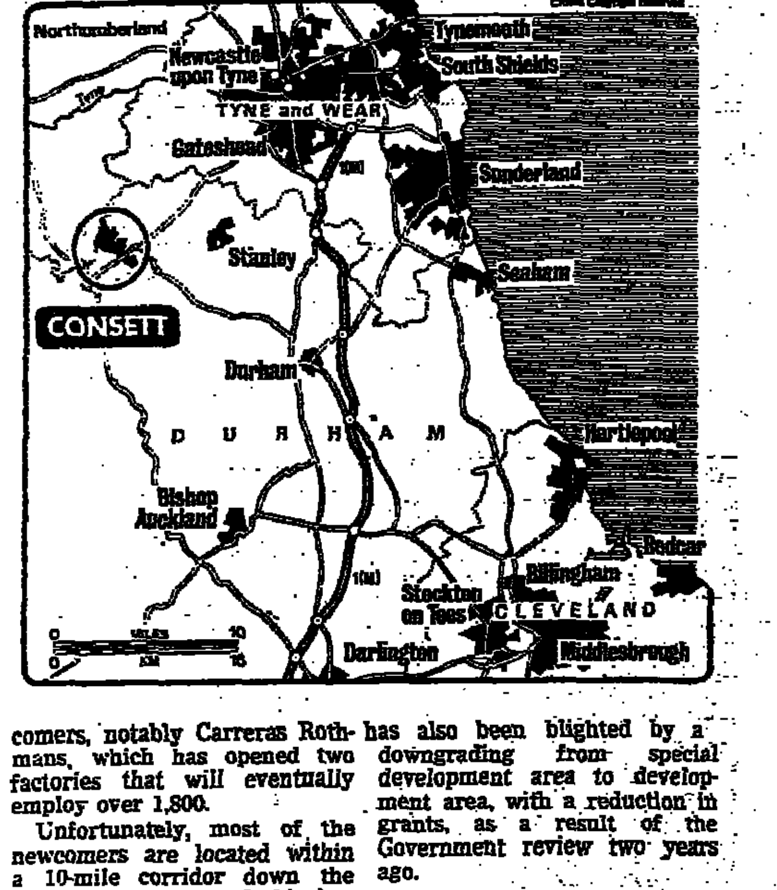
Unfortunately, most of the newcomers are located within a 10-mile corridor down the A1(M) motorway and this has tended to exacerbate existing demographic problems.

While established industries have left the more isolated communities in the west of the county, few new companies have moved in, creating problems almost as severe as at *Consett.*

In Crook, for example, one man in four is already on the dole as a result of engineering and textile closures. The area has also been blighted by a downgrading from special development area to development area, with a reduction in grants, as a result of the Government review two years ago.

Bishop Auckland, with one man in five unemployed, is due to become an intermediate area ineligible for regional development grants from September 1982.

Durham County Council's ruling Labour group has been battling for the whole of the county to revert to SDA status — so far unsuccessfully — ever since Sir Keith Joseph first announced the review *in 1979.*



Sandown full of Eastern promise

RACING

BY DOMINIC WIGAN

THIS AFTERNOON'S *initial* race for the Queen Mother's Cup on Sandown's Hong Kong Day programme has attracted 11 runners. The Royal Hong Kong Jockey Club must be reasonably happy with the response to its new prize, which is to be transferred to the Territory.

For many, victory for Baronet and Piggott would be the most *satisfactory result. The veteran* miler has lost none of his dash despite having reached the age of nine. Piggott, a familiar figure in Hong Kong, is also proving formidably durable.

Baronet, a creditable six of 20 in the Royal Hunt Cup, must be seriously considered — as must two others in the northern challenger. Tesoro Mio' and *Bruce Hobbs's Grain Race.*

Jimmy Etherington's six-year-old Cavo Doro horse, Tesoro Mio was in no way disgraced when failing by 1½ lenghts on his seasonable debut against *Spindrifter in the Hamilton* Advertiser Stakes. He appeals as the race's best win and place proposition off 8 st 4 lbs in the hands of that able Northern rider Johnny Seagrave.

Only three have been declared for Haydock's Cock of the North Stakes and the £5,000 added event, which attracted only one more in 1980, is a drab-looking affair with Norwick attempting to give a few pounds to Grey Mercy and Al Sandro respectively. He should be up to the *task.*

Later in the day across the Penninies Chester County seems likely to open her account in the Horrsea fillies stakes. Mr George Strawbridge's chestnut *sister to Light of Realm* has been improving rapidly of late.

Sandown Park has been voted racecourse of the year for 1981 by members of *the Racegoers* Club. It is the first course to take the title three times having won previously in 1978, and 1979.

SELECTIONS

SANDOWN

2.00—Mumruffin
2.30—Rockfest
3.05—Tesoro Mio*
*3.35—Countess Olivia***
4.10—Marking Time
4.45—Refresh

HAYDOCK

2.15—Starproof
3.15—Norwick***
3.45—Padski
4.15—Valois

BEVERLEY

6.45—Goldliner Abbey
7.10—Chester County
8.05—Gazaan

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 10.15 For Schools, Colleges. 11.25-11.40 You and Me. 1.22 pm Regional News for England (except London). 1.25 How Do You Do. 1.40 News. 1.50 *Wimbledon Lawn Tennis Championships.* 4.18 Regional News for England (except London). 4.20 Play School (as BBC 2 11.00 am). 4.45 The Space Sentinels. 5.10 The Best of Horses Galore. 5.35 Paddington.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Wimbledon Tennis highlights.
7.40 It's a Knock-out.
8.30 Grace Kennedy.
9.00 News.
9.25 Knots Landing.
10.15 Public School (London and South-East only).
10.45 News Headlines.
10.50 The Late Film: "Secret Ceremony," starring Elizabeth Taylor.

All Regions as BBC 1 except as follows:—

Cymru/Wales — 1.25-1.40 pm Bys A Bawd. 5.10 Gari Gylifer. 5.30-5.40 Sami Sbardun. 5.55 Wales Today. 6.15 Heddiw. 6.35 Join BBC 1 (Wimbledon). 7.40 Eira Ddoe. 8.10-9.00 Des O'Connor Tonight. 10.15 Week In Week Out. 11.05 News for Wales. 11.06-12.30 am The Late Film: "Jenny," starring Alan Alda.

Scotland—1.25-1.30 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 The Beechgrove Garden. 10.45-10.50 News for Scotland, National News.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Rock in the City. 10.45-10.50 News for Northern Ireland, national News. 12.40 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North-West (Manchester): *Midlands Today* (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West *(Plymouth).* 10.15-10.45 *East* (Norwich) Weekend: Midlands (Birmingham) Straight Talk; North-East (Newcastle) The *Great North Run: North-West* (Manchester) Sweet and Sour: South (Southampton) Bioscope Days; South-West (Plymouth) *The Mechanics . . . Keepin' the* Show on the Road; West (Bristol) Event.

BBC 2

11.00 am Play School.
11.25-1.30 pm Cricket: Second Test—England v Australia.
2.05 Cricket (Second Test) and Wimbledon.
7.50 Mid-evening News.
8.00 Gardeners' World.
8.25 The Politics of the Bomb.
9.00 Call My Bluff.
9.30 Troll Wall—the Vertical Mile.
10.00 Wimbledon highlights.
10.45 Newsnight.
11.30 Cricket: Second Test highlights.
†12.00 *The Outer Limits.*

LONDON

9.30 am Voyage to the Arctic. 9.58 Schools Programmes. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 Super Savers. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Take the High Road. 2.00 Houseparty. 2.25 Racing from Sandown Park covering the 2.30, 3.05 and 3.35 races. 3.45 Father Dear Father. 4.15 Daffy Duck. 4.20 The Adventures of Black Beauty. 4.45 Get It Together. 5.15 Sale of the Century.

5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 Winner Takes All.
7.30 Survival Special.
8.30 Misfits.
9.00 Get Lost!
10.00 News.
10.30 Till Death . . . starring Warren Mitchell and Dandy Nichols.
11.00 The London Programme: *Crime in London and New York.*
11.35 Have Girls Will Travel.
12.35 am Close: Personal Choice *with Norman St John Stevas.*

All IBA Regions as London except at the following times:—

ANGLIA

1.20 pm Anglia News. 2.00 Houseparty. 3.45 The Entertainers. 5.15 Winner Takes All. 6.00 About Anglia. 7.00 Sale of the Century. 10.30 WKRP in Cincinnati. 11.00 Members only. 11.30 Friday Late Film: "Scream And Scream Again," starring Vincent Price, Christopher Lee and Peter Cushing. *1.15 am Your Choice.*

ATV

1.20 pm ATV News. 3.45 In Search of . . . Mayan Mysteries. 6.00 ATV Today, including ATV Sport. 10.30 WKRP in Cincinnati. 11.00 ATV News. 11.05 David Janssen—TV Superstar.

BORDER

1.20 pm Border News. 3.45 Untamed *World. 6.00 Lookaround Friday.* 6.30 Out of Town. 10.30 Look Who's Talking (Ken Dodd). 11.00 Soap. 11.30 Border News Summary.

CHANNEL

9.30 am The *Natural* Environment. 9.58 Schools. 1.20 pm Channel Lunchtime News, What's On Where, and Weather. 3.45 Superstar Profile. 6.00 *Channel Report. 6.30 What's On Where.* †6.35 Laurel and Hardy in "Along Came Auntie." 10.28 Channel Late News. 10.35 Late Night Movie: "Hagen." 12.00 News and Weather *in French.*

GRAMPIAN

9.45 am First Thing. 9.50 Wilderness Alive. 10.40 George Hamilton IV. 11.15 Young Ramsay. 1.20 pm North News. 3.45 A New Kind of Family. 6.00 North Tonight. 6.30 Dundee Golf Museum. *10.30 Points North. 11.30 North Head*lines, Road Report and Area Weather Forecast. 11.35 Police Surgeon.

GRANADA

1.20 pm *Granada Reports.* 3.45 Our Little Town. 6.00 Granada Reports. 6.30 Young at Heart. 10.30 A Week on Friday. 11.00 Soap. 11.30 Today Tonight. 11.40 The Doors Are Open. 12.40 am Then Came Bronson.

HTV

1.20 pm HTV News. 3.45 Do You Come Here Often? 6.00 Report West. 6.30 WKRP in Cincinnati. 10.28 HTV News. 10.35 The West in Westminster. 11.05 Soap. 11.35 Danger UXB.

HTV Cymru/Wales—As HTV West except: 9.35-9.50 am Mwy Neu Lai. 12.00-12.10 pm Ffalabalam. 4.15-4.45 Gwylwyr Y Tywydd. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35-11.05 Outlook.

SCOTTISH

9.55 am Portrait of a Village—Wansford. 10.20 Wild, Wild World of Animals. 10.45 Young Ramsay. 11.35 Fanglace. 1.20 pm News and Road and Weather. 1.30 *Andy's Party.* 3.45 Circus. 6.00 Scotland Today. 6.30 WKRP in Cincinnati. 10.30 Ways and Means. 11.00 Friday Night Thriller. 12.20 am Late Call.

SOUTHERN

1.20 pm Southern News. 3.45 Our Little Town. 6.00 Day By Day. 6.00 Scene South-East (South-East Area *only). 6.30 Young at Heart.* 10.35 The Peasants' Revolt 1381 and after. 11.20 Soap. 11.50 The Late, Late Show: "Fabian."

TYNE TEES

9.20 am The Good Word. 9.25 North-East News. 1.20 pm North-East News and Lookaround. 3.45 Leave It To Charlie. 5.15 Clapperboard. 6.00 North-*East News. 6.02 Sportstime.* 6.30 Northern Life. 10.30 North-East News. 10.32 Friday Live—How much should children be taught about sex education and who should teach them? 12.00 *Welcome Back, Kotter.* 12.30 am Epilogue.

ULSTER

1.20 pm Lunchtime. 3.45 Survival. 4.13 *Ulster News.* 6.00 *Good Evening* Ulster. 6.30 Welcome Back Kotter. 10.29 Ulster Weather. 10.30 Witness. 10.35 Mork and Mindy. 11.05 Golfing Greats. 11.35 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 3.45 Superstar Profile. 6.00 Westward Late News. *10.36 Late Night Movie:* "Hagen." 12.05 am Faith for Life. 12.10 am West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 3.45 Do You Come Here Often? 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Summer Sport. 10.30 Benson. 11.00 *International Speedway.* 11.45 Lou Grant.

(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 *pm Newsbeat.* 12.45 *Paul Burnett.* 2.30 Dave Lee Travis. 4.30 Peter Powell. 5.30 Newsbeat. 5.45 *Roundtable* with Mike Read. 7.30 Anne Nightingale. 10.00-12.00 The Friday Rock Show (S).

VHF Radios 1 and 2—5.00 am With Radio 2. 2.00 pm The Ed Stewart Show (S). *4.00 David Hamilton (S).* 5.45 News; Sport. 6.00 David Symonds *with Much More Music (S).* 8.00 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 2.00 Wimbledon Championships. 7.00 David Symonds (S) (joins VHF). *8.00 Sequence Time* at the Radio 2 Ballroom (S). 8.45 Friday Night Is Music Night (S). 9.55 Sports Desk. 10.00 The Grumblewoods. 10.30 Fiesta! 11.00 Peter Clayton with *Round Midnight.* 1.00 am Truckers' Hour (S). 2.00-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Donizetti (S). 10.00 Beethoven *recital* (S). 10.55 Interlude. 11.25 Cricket: Second Test — England v Australia, including 1.35 pm News. 1.40 Call the Commentators. 2.00 Lunchtime Scoreboard. 6.40 Mainly For Pleasure (S) (joining VHF). 6.55 Play It Again (S). 7.00 Third Opinion. 7.30 BBC Symphony Orchestra in the Far East concert, part 1 (S). 8.15 Poetry Now. 8.35 BBC Symphony Orchestra, part 2 (S). 9.40 Low Altar (short story). 10.10 Zarzuelas (S). 11.00 News. 11.05-11.15 Cry by Giles Swayne (S).

VHF—With Medium Wave except as follows: 10.55 am Solstice of Light *concert (S).* 11.50 BBC *Northern* Symphony Orchestra (S). 1.00 pm News. 1.05 Enesco and Fauré (S). 1.40 Chilingirian String Quartet (S). 2.45 Laurence Allix piano recital (S). 3.45 Cologne Radio Symphony *Orchestra* (S). 5.00 Mainly For Pleasure (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.45 Thought for *the Day. 8.35 Yesterday in Parliament.* 8.59 Continental Travel Information. 9.00 News. 9.05 Desert Island Discs (S). 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 The Countryside in Mid-summer. 11.50 Birds of the Week. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather; programme news. 1.00 News. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour from Newcastle upon Tyne. 3.00 News. 3.02 *Afternoon Theatre.* 4.05 *Down the* Garden Path. 4.15 In the Gaslight Glow. 4.45 Story Time (S). 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News, including Financial Report. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Glyn Worsnip with recordings *from the BBC Sound Archives.* 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 *Rush Hour.* 9.03 Morning Star. 10.03 The John Peel Telephone Programme. 12.30 pm London News Desk. 12.40 The Total Music Show. 2.30 Tony Blackburn. 5.00 News. 5.15 Music on the Move. 6.33 This Week. 7.03 Black Londoners. 8.00 As Radio 1. 10.00-5.00 am Join Radio 2.

London Broadcasting

5.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London *Life.* 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 12.30 am Decision Makers. 1.00 Night Extra. 4.00 London Rules. 4.30 City Week. 5.00 Morning Music.

Capital Radio

7.00 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm *Mike Allen.* 1.00 First Report. 1.10 Mike Allen (continued). 3.00 Roger Scott. 6.30 London Tonight. 8.30 Nicky Horne. 10.30 Greg Edwards. 12.00 Midnight Special.

F.T. CROSSWORD PUZZLE No. 4,610

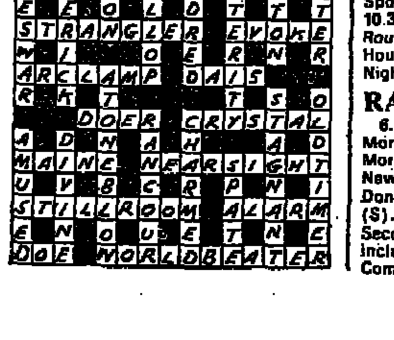
ACROSS

1 Transcribe volume and it's perfect (8)
5 *Self-possession or coolness,* according to plummet in France (6)
9 A break of journey to check part of cricket match (4-4)
10 As much as a member can carry and it sounds 'urtful (6)
12 Drain off meadow in front of church (5)
13 Joker is to walk vigorously *to tower (3-6)*
14 Have nothing to do with dad's drink (4, 2)
16 Rider's foot support may be a bone (7)
19 Putting Scandinavian coin in them would be a logical proposition (7)
21 Security to pawn (6)
23 Gather a tip and return to office (9)
25 Seat I *clean around* (5)
26 Turn up casually and knock on the spot (4, 2)
27 Protean of all shapes (8)
28 Enlist and enter into contest (6)
29 Go right back in crowd and *advance* (8)

DOWN

1 Make a movement on board a large ship (6)
2 Transmit support on the way (9)
3 The two appear to be about right in the soup (5)
4 Coincide in part with a disposition of strata (7)
6 Put up with swinish rodent (9)
7 Refuse from a learner (5)
8 Roar to secure that which a camponologist uses (4-4)
11 Patronage for example is to follow (4)
15 *Youth employed to skin fish* (9)
17 Equip a mother to take part in long rambling discourse (9)
18 Standing firm about gold that may be kept (8)
20 *Female servant* giving Frenchman help (4)
21 Block a tap up in Indian vessel (7)
22 The first type of stove (6)
24 Together in company throughout (5)
25 Remain by an opinion and shrivel (5)

SOLUTION TO PUZZLE No. 4,609



ENTERTAINMENT GUIDE

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FINANCIAL TIMES

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Cinema

It's not cricket any more

by NIGEL ANDREWS

Excalibur (AA) — Warner West End
S.O.B. (AA) — Leicester Square Theatre
Clash of the Titans (A) — Empire
Eyes of a Stranger (X) — Warner West End
The Falls — ICA

In the 1950s, when "Sword-and-Sorcery" films last stalked the land, chivalric England was a clean, green, stalwart, halcyon place, its battlefields like the midsummer cricket greens of yesteryear. In Hollywood's 1953 tale of *the Knights of the Round Table*, the Camelot XI was captained by Robert Taylor, the Mordred XI by Stanley Baker, and Ava Gardner as Queen Guinevere watched from the pavilion with demure suspense as if waiting for the between-innings tea and scones.

In 1981 cricket is reeling from the Kerry Packer "revolution" and views of Arthurian England have been weathered by three decades of popularised myth-psychology—Freud, Jung, Levi-Strauss — and by the uncertain, hero-less times of Vietnam and Northern Ireland. If '50s Arthurian films were clean-cut set-tos between Good and Evil, John Boorman's *Excalibur* is as clean-cut as a rugger match played at night in a swamp by two deaf-mute teams who have forgotten the rules.

Swathed in mist, dunked in shadow, a-blur with gorgeous greens and golds, the film is almost *magnificently shapeless*: as if Boorman, plunging hungrily into Malory's endless chronicles of Arthur in England, has got so lost he can't remember where he started or how to finish. Wagner's music offers some makeshift milestones in the film — Boorman pacing out the dark *churn of* his narrative with strains from the Ring and Tristan and Parsifal (in that growth-to-maturity order) — but it's still a dark and foggy night out there in Dark Ages Britain.

As *Deliverance* and *Point Blank* showed us, Boorman is a great maker-of-masterwork from *roman troures* — tight little stories by others that he twists and frees into new shapes. He can liberate poky ideas into a large and airy poet's cosmos all his own. But faced himself with a large and airy cosmos, Boorman, himself has to become the shaper and it's not his forte. *Excalibur* is full in equal measure of the marvellous and the gratuitous, the poetic and the inchoate.

Chief knitter-up of chaos might have been Nicol Williamson's Merlin, elected to be the film's central figure: a Gandalf-like wizard-commentator played as much for comic as portentous effect in *Williamson's nasal* snarl and screw-mouthed delivery. ("Yew are the son of Ewther," he says to Nigel Terry's Arthur: and, verging on Max Wall, "It's a *lonely* life, the life of the necromancer, ye-e-es . . . ."). Williamson weaves fabulous funny-doom-laden patterns round the *dialogue, but sometimes* it seems done as much to camouflage the direr slips into banality as to highlight the flights of poetry. And this protean-potent Merlin takes too much human idiosyncrasy away from the human characters — instead of unifying the tale he *unbalances it*.

Popping up through the legend like a conjuror carrying his own trapdoor, Williamson is on hand at every momentous moment: when Arthur pulls the sword from the stone (in a green-glowing forest kissed with light); when Lancelot (Nicholas *Clay) makes eyes at and later* makes off with Guinevere (played by Irish Cherie Lunghi, swishy-voiced and bedroom-eyed like a Mediaeval Edna O'Brien); when Arthur's evil half-sister Morgana (Helen Mirren) plots with her son Mordred (Robert Addie) to overthrow Arthur's rule; and when the knights ride off, a Wagnerian orchestra just behind them, to find the Holy Grail.

Visually, *Excalibur* is overwhelming. Boorman surrounds his beetling castles with huge granite gulfs and canyons boiling with mist; he gives the *knights' steel and armour an* eerie glow as if plated with fireflies; he lavishes on us a majestic, silver-glinting Round Table; he backs battle-scenes with lurid-red back-drop skies that seem stewed and smoked in blood.

Perhaps filmgoers should rest content with the fact that every new image in *Excalibur* is a delirious shock to the eye. But the deeper myth-resonances of a changing world and the passing of the Old order into the New — which Boorman clearly perceives and has articulated in interviews — don't quite come through in the film's helter-skelter structure and exciting but often mystically obscurantist ellipses. *Excalibur* is a snarl-up of too-much and too-rich material. It depends on your own tastes whether the fact that it's also a work of visual genius makes up for or exacerbates that *disappointment*.

★

Blake Edwards's *SOB* is a raucously magnificent cantata of rude noises at Hollywood, from the writer-director who brought you the Pink Panther films and '*10*.' Centre-screen *stand* Julie Andrews and Robert Mulligan (Burt of TV's *Soap*) as an actress-producer couple whose latest joint movie venture, 'Night Wind,' has been condemned by Variety as the flop of the year. While studio chief Robert Vaughan, sibilant and smarmy, stoically settles *down to count his losses*, Mulligan reacts first with a series of misfire suicide attempts in his beach-front villa and then with a boldly lunatic decision to reshoot the film and turn it from a pale-puce kiddy's-whimsy musical into a vermilion sex-psychodrama with songs.

While shock-waves shimmer *through* the sound-stages of Hollywood at this proposed conversion—which will include Julie Andrews baring her upper half, to the gasps of the world —a no less busily scandalous and exotic time is being had by all in Mulligan's villa. Magnetised by the polar fascination of *success turning to failure and* then turning back to success, the deranged deluxe fringe of Los Angeles society congregate and party. First around Mulligan's Variety-devastated collapse, then around his Phoenix-like resurgence, assemble such as William Holden's gravel-voiced roué of a director, Robert Preston's pill-juggling Jewish quack of a doctor, Robert Webber's free-drinking and collapsible press secretary, Shelley Winter's banshee agent, Loretta Swit's break-through-any-door gossip columnist and Larry Hagman's pop-eyed studio executive, looking as in *Dallas* like a *currant-bun suddenly possessed* by the Devil.

From the suicide-wake partyings of the film's first half through the pivot-point glory of Miss Andrews's *deshabillement* to a last "act" of death, body-snatching and Viking funerals, *SOB* has a comic fury and glee that put it right at the top of Edwards's canon. See and savour—Hollywood films will never seem quite the same after this deliciously malicious look under the industry's lid.

★

Clash of the Titans is a long, hard day at Mount Olympus. The Gods, represented by distinguished British actors, are wondering what to do about the mortals, represented by slightly less distinguished British actors, who are being harassed by a menagerie of ogres and titans, represented by highly undistinguished animated models.

It is time for a voice of dissent to be raised about the oft-*claimed genius of models* maestro Ray Tarryhausen. Years or decades ago, Harryhausen's animated dinosaurs and flapping pterodactyls and duelling skeletons looked in the less developed cinema of *Jason and the Argonauts*, exciting and revolutionary. Never mind the jerkiness and the ill-matching—they would come right in time—admire the design and energy.

But in *Clash of the Titans* the creatures are *still* jerky and ill-matched and they've lost most of their energy. Medusa is a plasticine-complexioned lady whose serpent body appears to suffer from arthritis: Pegasus is oddly hairy for a horse, more like a half-shaven sheepdog: and the sea-rising Kraken doesn't do much except come up for air and bat some articulated arms around.

Meanwhile Laurence Olivier, Maggie Smith and Claire Bloom bravely mind the store in Olympus, and Burgess Meredith, Judy Bowker and Sian Phillips cope with life and poor dialogue on Earth. There is also Harry Hamlin as Perseus, our hero, *an actor with two expressions* and three gestures whom I strongly suspect to be a Ray Harryhausen creation. All in all, a *grotty* makeweight epic for audiences of no ages.

★

In *Eyes of a Stranger* a maniac killer, approximately the 58th by my count in the last month, threatens the lives of helpless victims. Take a blood-proof sou'wester and much forbearance: or better still go and see Peter Greenaway's *The Falls*, British cinema's *magnum opus* of absurdist splendour, which is revived at the ICA from July 7.

Nicholas Clay and Nigel Terry in Excalibur

Tom Courtenay, Cecilia Richards and Amanda Boxer

Leonard Burt

Round House

The Misanthrope

by MICHAEL COVENEY

The fourth production of the Royal Exchange Theatre of Manchester's second season in London concludes another brilliant demonstration of their adaptable classic style. Tom Courtenay's Alceste is the centrepiece, but Casper Wrede's *production, gloriously costumed* in the extravagant colours and frills of *la bonne Régence*, has a fine supporting cast and introduces, to me at any rate, the work of a highly gifted young actress, Cecilia Richards, as Célimène.

It is eight years since Tony Harrison's National Theatre version found a glittering resonance between the courts of de Gaulle and Louis XIV. One sacrifice was made in respect of Célimène's youth — Diana Rigg never once pretended to be 20. This version restores that crucial element and Alceste trades in his green *velvet jacket* for the green bolero, breeches and flounced shoulders of the salon moralist struck with jealousy. The translation of Richard Wilbur comes up as good as new, Molière's lucid argument and plain expression beautifully contained in the lilting, rhyming couplets of penameters. The music of this text is a sensual delight in itself.

Alceste is a richly comic character because his unswerving criticisms of a flippant society are blown up into a haughtily sustained treatise on humanity. He craves the silent solace of a desert island while expressing his individuality as *a gifted commentator on the* materialist age. His friends know that however much he rails and carps, he will probably never take the promised plunge. And the moment his passions are engaged upon Célimène's endemic flirtatiousness, he is held in the grip of a fever he has, up to that point, despised.

The pacing of this development is marvellously handled by Tom Courtenay. Faced with the suffocating toadiness of the ludicrous poet, Oronte, and the fastidious caperings of the two marquesses, he appropriates the language as a devastating tool of destruction. But after the malicious old hypocrite, Arsinoë (*Amanda Boxer*) has waved a love letter written by Célimène to Oronte under his nose, he comes flying on bent double with ludicrous rage, narrowing his objective gaze into a maleovent squint and scattering the stage with outlandish gestures before slumping defeatedly on a silver chair. He quivers and shakes, finding his head only when he finds the rhythm of his thought processes in the strict metre of the lines. This is a technical achievement of some proportions, a fine demonstration of how Molière's language both rules, and is swayed by, the emotional content.

Cecilia Richards, a bewitching presence with her spangled, fluffy blonde hair and off-the-shoulder dress, tempers Célimène's coquetry with a quite original line in quirky airiness. You really do believe in her Zuleika Dobson status in the close-knit group and she plays her final trump card in *ambiguous silence as her scathing* denunciation of the whole crew is delivered by the marquesses. Alceste may be right about everyone, but the price he pays for being so untouchable is the loss of his loved one and the disastrous label of chief pettifogger and bore.

Tim McInnerny and Ian Hastings are a well contrasted pair of mincing marquesses and there is solid work from Christopher Gable as the tolerant confident, Philinte, and Janet Ellis as Eliante, on whom Alceste turns with an amorous proposition without breaking his poetical stride the minute Célimène disappears tantalisingly from view.

Fortune

The Hollow Crown

by ANTONY THORNCROFT

I don't suppose Prince Charles will have the time in the next few weeks to pop into the Fortune, which is probably just as well for the Royal Shakespeare Company's decidedly ambiguous revival of John Barton's anthology of monarchy *The Hollow Crown* as a wedding celebration paints a gloomy picture of the job when it is not mocking our past sovereigns.

A group of eight actors and three musicians will take it in *turns of four over* the next three months to present with readings and a few songs the progress of the English crown from William I to Victoria. For no reason at all the only monarch omitted is one of the more illustrious, Edward III, although Elizabeth I hardly gets her fair share of attention. Instead the characters, like jolly William IV and mad George III, as seen by contemporary diarists, grab the best lines.

Alan Howard, Barbara Leigh-Hunt, Norman Rodway, with Martin Best handling the music, were on parade last night and although their performances were arch at times, even theatrical, the material at their disposal is so rich that a diverting evening is assured.

Oddly enough it was the serious moments, the trial of Charles I and the final reading from *Morte d'Arthur*, which were the most impressive. It was also good to see George II portrayed in a favourable light, in Lord Hervey's famous passage on his grief at the death of his Queen Caroline, but I thought they rather overdid the German accent for George III.

Indeed the whole evening improved as we edged into the 17th century and later—the early kings scarcely came across as more than a row of statistics. But when Alan Howard got his teeth into James I's polemic against tobacco and Barbara Leigh-Hunt took us through Victoria's diary entry *for her coronation, character* was added to narrative. Most of the passages, taken in the main from contemporary sources, are familiar and if there was rather too much *lese majesty* around still the final feeling was that it was pleasant to have so much history behind us, and that the quality of monarch was steadily getting better and better.

Riverside Studios

New Music Studio

by DOMINIC GILL

I had looked forward to hearing the British debut of the New Music Studio at the second concert of Riverside's mini-festival of contemporary Hungarian music on Wednesday—for this was the same group, a composer/performer co-operative based in Budapest, which has provided many of the highlights of the annual new-music festival in that city during the last seven years. But the event was a sad disappointment—and a puzzlement: by what dull, abrasive process did they choose this programme for their London introduction that contained not one single piece even fractionally as stimulating or original as the best they have regularly given at home?

Their first three works were wisely (and some said, mercifully) short—a little shoestring systems-piece called *Tale* for piano, prepared piano and viola by Zsolt Serei that tied together jittery keyboard fragments with a twist every now and then of a sustained viola note; a short essay for two amplified drums and two pianos, *Little bird, little bird* by Gylu Csapo, bizarre and curiously charmless; and Laszlo Vidovszky's *Solo with obbligato accompaniment*—not by a million miles one of this very interesting composer's more interesting pieces — though brief, and at least engagingly *unpretentious*.

Laszlo Sary's *Pentatonic Exercise* was an elementary Steve Reichian study for electric organ and piano—but austere to the point of poverty, Reich stripped to the bone. Barnabas Dukay's (another whose very real talent was here quite unrepresented) *Sunflowers* for solo piano, played by the composer, turned out to be an endless, arid exercise in old-fashioned keyboard note-spinning; and Zoltan Jeney's *Arupa* for six chimes, one drum and faint sustained electric note was a mixture of mechanical game and endurance test which could conceivably make a point of a sort at a private avant-garde soire, but was certainly not suitable for public concert consumption.

I admired, in its oddly perverse way, the group's tenacious single-mindedness and their evident conviction; but if this is really the limit of the horizon to which the New Music Studio has now set its sights, something has gone seriously wrong.

Coliseum

The Boston Ballet

by CLEMENT CRISP

If *Swan Lake* is anything, it is a grandly-scaled example of debased but still convincing Romanticism. What the Boston Ballet, in their London début as part of the Nureyev Festival, make of it is something between a Gilbert and Sullivan version of *Mayerling* and *The Owl of the Baskervilles*.

If the production which I saw last night — its first and third acts by Bruce Wells, the second and fourth by Violette Verdy — has a point of view, it is that dictated by Julia Trevelyan Oman's designs. These are handsome as to settings — a schloss in an autumnal park, a mist-wreathed lake — and cluttered by costuming which is button-hole perfect in evoking the Bavaria of poor mad Ludwig, and which reduces tragedy to the level of television costume-drama with its profusion of veristic detail and *superabundance* of fabric, skirts, flounces, and quaint knick-knackery. (There is also von Rothbart as a hilarious owl: the villain as Muppet.)

Matters are in no way improved by the modesty of the Boston Ballet's forces in matter of style and classic manner. The company is *relatively* young, and its greatest admirers would hardly place it in ballet's first league. Thus *Swan Lake* is minimised, its resonances dulled; a great work of art is scaled down and made into an exercise in eager charm and optimistic technical performance.

The company comes to London, of course, on Nureyev's coat-tails, and he seeks to justify its presence as best he can. His finest moments are dramatic. The moody, dreaming hero he creates is wonderfully sympathetic; alas, his dancing on this occasion seemed tense, driven by fierce energies that burned through the classic shell to show a raw and disquieting force. Siegfried's obsession seemed rather more to do with a quest for bravura than for an ideal love.

The Odette/Odile was Marie-Christine Mouis. Formerly of the Paris Opéra, Mlle Mouis is a chill, dominating swan-princess, who eschews any lyricism in favour of an emphatic statement of the dance. Her Odile seemed a sequence of technical feats cobbled together: the pulse of the role, its sensual drive, were nowhere apparent.

The evening is long, for the production mistakes something like musical completenese for authenticity. Alas, both Ivanov and Petipa seem largely strangers to the occasion, and the alternatives offered are pedestrian. The Boston Ballet owes us something better than this as an introduction.

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Friday July 3 1981

Timidity on Ulster

IN HIS two years as Secretary for Northern Ireland, Mr Humphrey Atkins has come to the conclusion that the issues with which he has to deal are very complex, that the gulf between the Catholic and Protestant communities is very wide and that it will probably take at least a generation to bridge. That was the view reflected in his statement to the Commons yesterday.

Proposals

Mr Atkins's new proposals for an advisory council are gradualist to a degree. They start from the premise that while the maintenance of direct rule may be the fairest way to proceed for the present, "there is not enough of a Northern Ireland input into the governing of the Province." He is therefore calling for the creation of a new council which would give advice to the Secretary of State.

The proposals have one or two novel features. It is suggested, for instance, that the council should be drawn from people who have already been elected to one body or another—whether Ulster MPs at Westminster, Ulster members of the European Parliament or district councillors. In theory, at least, that should include most of those who are already most active in Northern Ireland politics. Mr Atkins is also offering them the old facilities at Stormont as a meeting place and allowing them to determine their own procedures.

It would thus be rash to conclude that the council will never get off the ground. District councillors, in particular, may be attracted by the idea of having a greater political say, even if only in an advisory capacity and the Official Unionists may have learned by now that there is nothing to be gained from staying away from political discussions.

Attempt

The real question, however, is whether there is any chance of the council reaching agreement on anything at all. Mr Atkins yesterday described his previous attempt to make progress by convening a conference of the main political parties in Northern Ireland as follows: "We found that the level of agreement was nowhere near high enough to enable me to come to this House and to invite it to pass legislation setting up some new system. . . One party (the Official Unionists) refused to come and those who did found themselves unable to move from their entrenched positions." It is very hard to see what has changed since that would lead the parties to abandon their entrenched positions now.

What is lacking in the Secretary of State's proposals is any sense of urgency. Mr Atkins would say that that is their virtue. He continues to believe that sooner or later the Northern Ireland politicians will agree to drop their prejudices and to work together. That has never happened yet and there is no sign of it happening in the foreseeable future. Indeed there is nothing in the latest proposals to persuade them to do so. They are merely an invitation to talk in the hope that they will reach agreement among themselves. In the meantime, the religious divide and the discrimination in housing and education will continue.

Formula

We believe that the time has come for an altogether more radical approach. The nearest any recent British government has come to an Ulster settlement was the Sunningdale agreement under Mr. Edward Heath. It involved the Irish Prime Minister as well as the Northern Ireland politicians and the British at the highest level.

It is possible that Dr Garret FitzGerald, the new Irish leader, will call for a revival of this formula when he visits Mrs Thatcher in a few weeks' time. If so, he should be encouraged. We have also learned from the Lancaster House conference on Rhodesia how much can be achieved when the top political leaders stake their reputation on success and all options are up for discussion. That should be the case on Northern Ireland, including the option of an independent Ulster. Nothing is to be gained from the hope that one day the Catholic and Protestant communities will magically agree to bury their differences of their own accord.

Reshaping the public utilities

THIS WEEK'S SPEECH to the Selsdon Group by Sir Geoffrey Howe, Chancellor of the Exchequer, was a welcome sign that the Government has not abandoned hope of finding radical solutions to the financial and managerial problems posed by the nationalised industries.

The essential first step, as Sir Geoffrey pointed out, is to distinguish between those enterprises which are in the public sector by accident and operate in competitive markets, and those which are natural monopolies and require some form of regulation. The right approach to the first category, which includes such organisations as British Airways, British Aerospace and National Freight Company, is partial or complete privateisation. The timing and method of introducing private sector equity will vary from case to case, but the direction of policy is clear. As for the loss-making members of this group such as British Steel, British Shipbuilders and BL, there is no easy formula which can be applied; the Government has to make a judgment in each case about the prospects for viability, the timescale in which it might be achieved and the amount of public money that can be reasonably be made available.

Candidates

Until recently there has been little constructive thinking about the second category—the natural monopolies—even though they are in some ways more suitable candidates for privatisation; on the face of it it should be easier, say, British Aerospace, which will probably continue to need government support for major civil airliner projects like the proposed 150-seater Airbus. Gas, electricity, telephones—these are industries which in some other countries are wholly or partly in the private sector, even though they are monopolies. In the U.K., as Sir Geoffrey remarked, there has been a tendency to assume that private owners should not be entrusted with monopoly powers; the option of a privately owned but publicly regulated utility has rarely been taken seriously.

The fact that in the U.K. these industries are owned by the Government has not, of course, exempted them from regulation. The trouble is that the regulation has been totally unsystematic. To quote Sir Geoffrey again, "in the past their pricing policies have often been determined in the short term by the financial and electoral priorities of governments — rising when the Government needs money, pegged and subsidised when the Government seeks votes."

The present Government has made useful progress towards economic pricing, but the regulatory arrangements are still deficient. The use of the Monopolies Commission to conduct ad hoc efficiency audits is not an adequate substitute for a permanent monitoring body which would have the expertise and authority to determine appropriate rates of return and hence appropriate pricing policies; its remit should include the ability to make detailed comparisons with utilities in other countries.

Advantages

The monopoly which the public utilities enjoy can be modified at the edges; there is no reason why the natural monopoly should be reinforced by statutory rules which prevent any competition from challenging particular parts of the business. In telecommunications, for instance, technological changes seem certain to enlarge the extent to which competition to British Telecom is both feasible and desirable; the Government is right to introduce legislation which will facilitate these developments.

More fundamentally, the present structure and ownership of the public utilities should not be regarded as sacrosanct. They are for the most part too big and too centralised. Sir Geoffrey Howe suggested the possibility of regionalisation—an option which has been dismissed too lightly in, for example, the electricity industry. Regional utilities would not necessarily compete with each other, but smaller units would bring advantages in efficiency and in relations with employees and customers; they might also be more easily transferred to private ownership.

Very large concentrations of economic power should be avoided, in the public as well as in the private sectors, unless there is an overwhelming industrial case for them. Sir Geoffrey's suggestions should be vigorously pursued.

The battle for Britain's ear

By Guy de Jonquieres

ONE DAY, in the not-so-distant future, a businessman in London will be able to talk face-to-face with colleagues in Manchester, Birmingham or Edinburgh, without any of them having to leave their offices. As they speak, they will also be able to display documents on closed circuit television screens.

For less urgent communications, tomorrow's executives will correspond electronically, sending written or spoken messages to each other in seconds. These could be stored in a special terminal on the recipient's desk and printed out or played back in uncannily life-like tones at the push of a button.

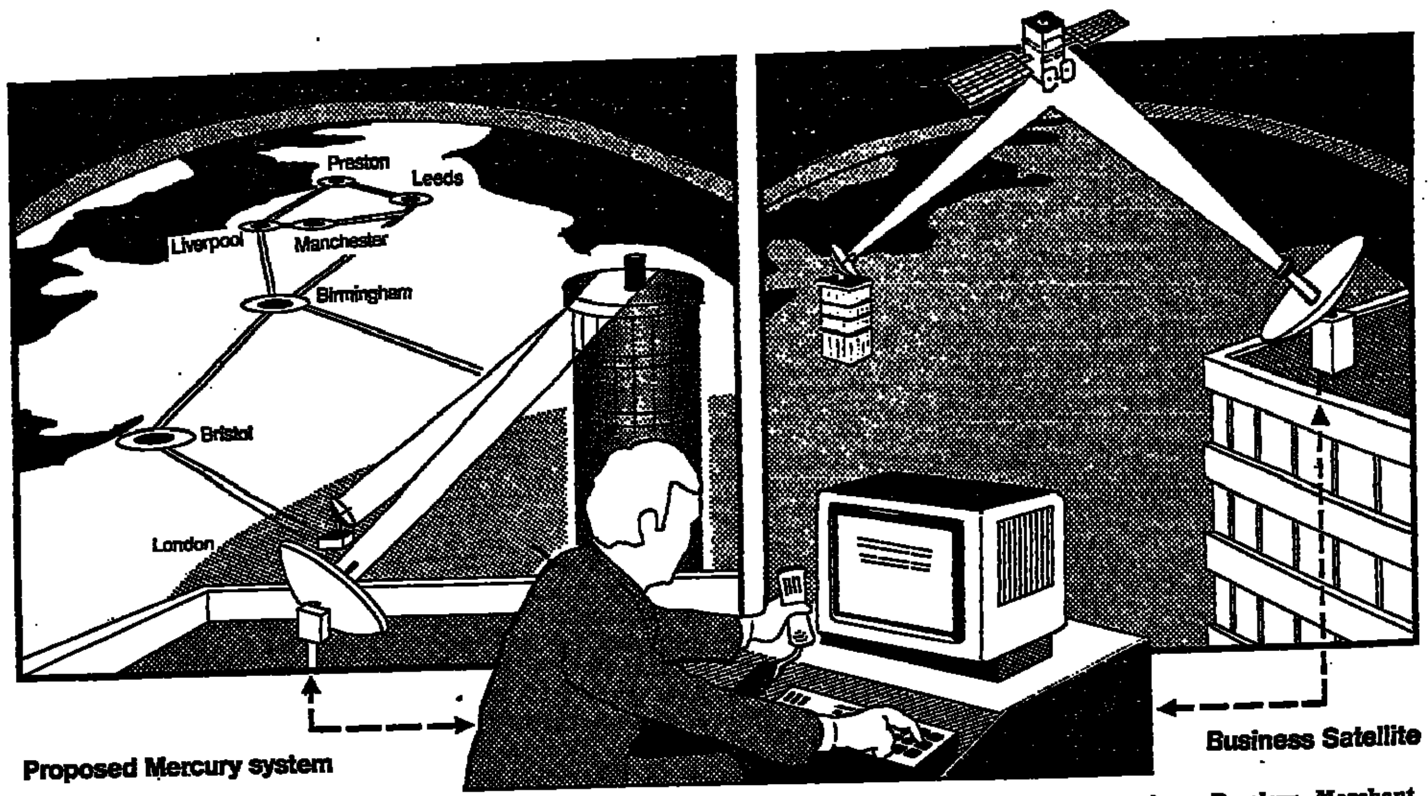
The technology to make all this happen already exists. But applying it widely, and at reasonable cost, will require a massive investment in new telecommunications networks. Meanwhile pressures are mounting, particularly from the Government, to allow the private sector to compete with British Telecom in providing the new types of service which advanced networks will be able to carry.

Later this month Sir Keith Joseph, the Industry Secretary, is due to decide whether to accept a radical blueprint drawn up at his request by Professor Michael Beesley of the London Business School. If he does adopt its recommendations he is likely to set off a fundamental upheaval in the economics and institutional structure of the communications industry, whose repercussions will spread beyond Britain to the rest of Western Europe.

The Beesley report recommends that British Telecom be required to lease capacity on both its domestic and international circuits to private competitors interested in offering "value added" services like electronic mail—which can transmit documents instantaneously between remote terminals—electronic banking and computer time-sharing. It also suggests that the Government should allow privately-owned communications networks to compete with British Telecom.

Sir Keith appears broadly sympathetic to the report's proposals. But British Telecom, its staff and the Post Office Engineering Union are protesting loudly. They argue that adoption of the report will force the organisation to raise its charges sharply, impair the quality of service and produce a chaotic free-for-all in which the residential subscriber will suffer. Some of these arguments may yet sway him into toning down some of Beesley's recommendations.

But Sir Keith is also under pressure—from telecommunications users and from companies wanting to offer new services. Last week Cable and Wireless, Barclays Merchant Bank and British Petroleum applied for a licence to set up a new commercial network called Mercury. International Business Machines and British Aerospace are studying plans for a satellite communications service for business. The two companies are also talking to other organisations, including British Telecom.



BRINGING the office of the future a step nearer. Tomorrow's executive will have access to advanced communications systems that will enable him to see, talk to and correspond instantaneously with colleagues haundreds of miles away. Systems planned for Britain include (left) a ground and radio network being developed by Cable and Wireless, Barclays Merchant Bank and British Petroleum; and (right) a satellite communications service.

There are political as well as commercial reasons why private companies want to push ahead with their projects as fast as possible. The Labour Party has warned that it will seek to reverse the liberalisation programme if it comes to power at the next general election. British Telecom's prospective competitors reckon that this pledge would be harder to carry out if their networks were already established and in operation.

The fact that such projects are now feasible is the direct

The price of flexibility is high

result of recent advances in technology. The convergence of computers and communications—and the ready availability of versatile computer intelligence in the form of the microchip—are producing a minor revolution in techniques for handling, transmitting and storing large volumes of information at increasingly low cost.

In the United States, where small competitors have been successfully chipping away at American Telephone and Telegraph's monopoly for more than a decade, the initial evidence is that the first result of liberalisation may be to stimulate the creation of new networks to carry ordinary telephone calls. The amount of voice traffic in the U.S. is still almost 10 times greater than the volume of data communications and more profitable for carriers.

But the latest digital communications systems, which handle both voice and data as a stream of electronic pulses will also provide a vital link in the development of the electronic office and home information services of the future. It is technically almost as simple to connect computer terminals or word processors to a digital network as to attach a telephone receiver to the traditional analogue circuit, which was originally designed to carry only voice communications.

British Telecom plans to introduce digital technology, such as its new System X electronic exchanges, over the next 15 years. But critics complain that it is moving too slowly. They fear that bureaucratic inertia, ossified industrial relations and financial restraints will prevent it from meeting the growing demand for digital services, particularly among business subscribers.

Cable and Wireless, Barclays and BP claim that the market is big enough for their Mercury project to be economic without skimming cream off British Telecom's profits. The consortium hopes to obtain Government approval for Mercury next autumn and to have the network in operation by 1983.

The first phase of the project, expected to cost about £50m, would consist of a 700-mile loop linking seven English cities. It would be built of optical fibres—transparent strands which carry signals at very high speeds in the form of light pulses — and would be laid along British Rail tracks.

Microwave radio would be used to transmit signals between the loop and aerials installed on tall buildings in city centres. Communications would be relayed to individual users by cellular radio, an ingenious technique developed in the U.S. to handle mobile communications in congested areas.

Mercury is designed to carry up to 8,000 simultaneous telephone conversations or an equivalent volume of data communications and could handle two-way televised videoconferences between distant offices. It could be extended to Northern Britain by using satellite transmissions.

The network is expected to be used at first mainly by big companies for their internal communications. But the consortium intends to lease circuits to third parties interested in operating value added services and may offer such services itself. Cable and Wireless is also interested in supplying terminal equipment to users of the planned network.

IBM and BAe are studying an even more ambitious and costly project that would employ satellite links to beam transmissions directly between dish aerials installed on the rooftop of a subscriber's office or in an adjacent car park. British Telecom has already announced plans to start a similar service in 1983 in conjunction with other European telecommunications authorities (PTTs).

Satellites can transmit huge volumes of data at very high speeds between users scattered over an area several thousand miles wide. A major attraction is that they can be brought into service as soon as they are in orbit and avoid the need to build a complex ground-based network to link users.

But the price of this flexibility is high. Satellites are expensive to launch, and at least two are needed to provide a fail-safe service. The dish aerials needed to transmit and receive signals on the ground must be built and installed to exacting standards and cost £100,000 or more each.

Satellite Business Systems, which started operating an advanced coast-to-coast communications service in the U.S. earlier this year, shows how big the costs can be. The three owners of the company, IBM, Comsat and the Aetna insurance group, have already invested more than $400m in it and do not expect to see a profit before 1984.

SBS has signed up about 20 large corporate customers so far, including Boeing Computer Services, Crocker National Bank and Westinghouse Electric. For a minimum of $100,000

British experiment could shake up European monopolies

a month—and in some cases much more—subscribers get a permanent communications link between their own plants and offices in different parts of the country.

The range of services provided is wide and, SBS claims, more versatile than what is available from AT&T. It includes ordinary telephones, high speed transmission of huge volumes of computer data and televised videoconferences.

But even in a country as large and as rich as the U.S., SBS is finding it hard to cover its costs. It recently decided to seek a bigger market by offering a shared service to smaller subscribers. It also plans to start a voice-only service between major U.S. cities.

British Telecom and most other industry experts have concluded that a satellite communications service limited to Britain would not be economic and that it would have to be organised on a Europe-wide basis. Ground-based networks such as Mercury would also be more appealing to potential customers—and more profitable—if they could be linked to international communications systems.

But even if Sir Keith accepts Beesley's proposal that British Telecom be required to lease its international circuits to third parties, private competitors could face obstacles in extending their networks overseas.

Getting permission to connect with the U.S. telecommunications system would not pose a major problem in itself. But an independent network operator wanting to establish his own transatlantic satellite link would face opposition from Intelsat, the inter-government satellite communications cartel.

In Europe, most countries operate highly restrictive national telecommunications monopolies and resent intrusion by private competitors trying to grab some of their business. Attitudes are most obdurate in France and West Germany, the two biggest communications markets on the Continent.

That is why IBM, BAe and others are trying to interest British Telecom in a joint satellite venture. They believe that as a member of the PTT "club," it stands a much better chance than a private company alone of breaking into international markets. Its role in setting vital technical standards for international telecommunications also makes British Telecom a sought-after partner.

But the European PTT cartel may not prove quite as solid as it appears. There are some indications that a few Continental PTTs might consider linking up with British independent networks if they could be convinced that they would gain rather than lose revenues as a result. Others might then be forced to follow suit.

The British experiment could still shake up European monopolies even if it proceeded in isolation. Some industry experts believe that if it develops a technologically advanced communications system replete with new types of "added value" services, it will draw business away from other European countries. To restore the balance, the latter might have to move to more liberal and competitive telecommunications policies.

That scenario is obviously speculative at present. Professor Beesley's recommendations take the communications industry into uncharted waters. No one can be certain how large the demand will be for independent commercial networks or "value added" services, or of the economics of operating them.

If the experiment succeeds, it will generate a vigorous new growth industry in which British Telecom seems well-placed to participate, provided it can improve its efficiency and obtain adequate financing. If it fails, there seems certain to be more than one loser.

MEN AND MATTERS

Breaking the bank

With a keen eye kept on the equitable distribution of loyalty between God and Mammon, the demolition of the Hong Kong and Shanghai Bank's massive headquarters in the Crown Colony has proved an exotic affair.

To ensure that all goes smoothly and safely, special ceremonies have been held to appease the deities. The rites, "fung shui"—geomancy—call for the favourable placing of man-made objects in relation to the natural elements gold, wood, water, fire and earth.

A local expert in such matters was brought in to determine the best time and direction for hammering the floor, a symbolic version of the destruction of the building. On July 1, a two hour period was chosen falling in the 30th day of the 5th month of the lunar calendar. The propitious day was a public holiday and a large crowd gathered to watch the ceremony. Eight workers hammered away from east to west on the floor. During the two hours in question, from noon onwards east denoted fortune, northeast elite, north a combination of the two, northwest happiness and liveliness, west luck. The south was, apparently, out of favour and best avoided.

The bank headquarters is a giant grey 1930s building, old by Hong Kong standards. Though it is dwarfed by the surrounding skyscrapers, it retains in the eyes of locals a dominant solidity. It will be replaced by a 40 storey skyscraper, a choice of style which recognises the immense value of real estate acreage in the centre of the colony.

To carry out the demolition, which begins in earnest on Monday, the bank has retained a team of 200 workers which has already put paid to former landmarks like the General Post Office and the Tsim Sha Tsui Kowloon Canton railway station. The bank is, however, reckoned the men's trickiest job so far, since they have been detailed to recover intact vintage structural features including the foundation stone.

The great bronze lions which guarded the side entrance, meanwhile, have been carted down the road to the six-storey prefabricated building which will provide makeshift accommodation until the new building is ready in mid-decade.

Holy-owned

If Rupert Murdoch's News International does succeed in gaining control of Glasgow publisher William Collins, it will no doubt be hoping that one of the company's best-known authors continues to be so forgetful about collecting his royalties on what has proved a worldwide best-seller.

The awesome prospect was once raised, recalls Collins chairman Ian Chapman, but fortunately turned out to be a false alarm.

Sitting in his office one day, Chapman was called down to deal with a customer who arrived claiming to be owed a considerable sum by the firm. To what title, asked Chapman, might the claim relate?

"The Bible," replied the caller, evidently suffering from an identity crisis of considerable proportions.

Join the club

A bizarre chain letter is doing the rounds of the City, which argues with less than convincing logic that playing golf is the only secure way to health and happiness. The anonymous author of the letter contrasts the careers of six prominent American businessmen who died paupers with the longevity and solvency of professional golfers. "Conclusion—stop worrying and play golf."

In traditional chain letter style, bad luck is promised to anybody who breaks the chain. "This is not a joke," says the text rather implausibly.

I shall make two prominent City bankers happy men today by suppressing their names, duly subscribed at the bottom of the preposterous letter. I felt for the enormity of their plight when I rang them up to ask whether they had actually taken the thing in good faith. Should they deny knowledge of the thing altogether? Or admit it, appealing to humour or superstition?

Truth will out, and eventually we compromised on the idea that the letter was probably handled by a secretary without perhaps having been fully read and inwardly digested by its signatory.

Filtered out

With talks about a new code on tobacco advertising and possible legislation in the offing here, a close eye is likely to be kept on Norway where the medical profession is urging the Government to turn the whole country into a smokeless zone by the end of the century.

Harald Hauge, the doctors' president, says they are not pressing for immediate coercive measures. But the goal seems to be a ban eventually on the import and sale of tobacco.

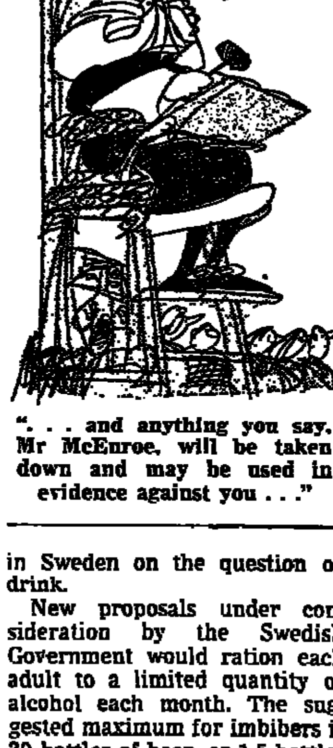
Norway's anti-smoking lobby has been disturbed by a growing addiction to the weed. The Government passed a tough Tobacco Act in 1975, banning advertising and brand promotion. But that seems to have done little to staunch the habit.

By last year, a slight decline in the widespread custom among Norway's smokers of rolling their own cigarettes had been more than offset by a 27 per cent rise in the sale of packeted brands.

That contrasts with a fall in UK cigarette sales over the same period of 8.4 per cent and a 14 per cent reduction in the already small hand-rolled number.

The drive against permissiveness in smoking now being mounted is matched by a markedly more sober attitude being taken across the border in Sweden on the question of drink.

New proposals under consideration by the Swedish Government would ration each adult to a limited quantity of alcohol each month. The suggested maximum for imbibers is 30 bottles of beer, or 1.5 bottles of spirits or six bottles of fortified wines.



". . . and anything you say, Mr McEnroe, will be taken down and may be used in evidence against you . . ."

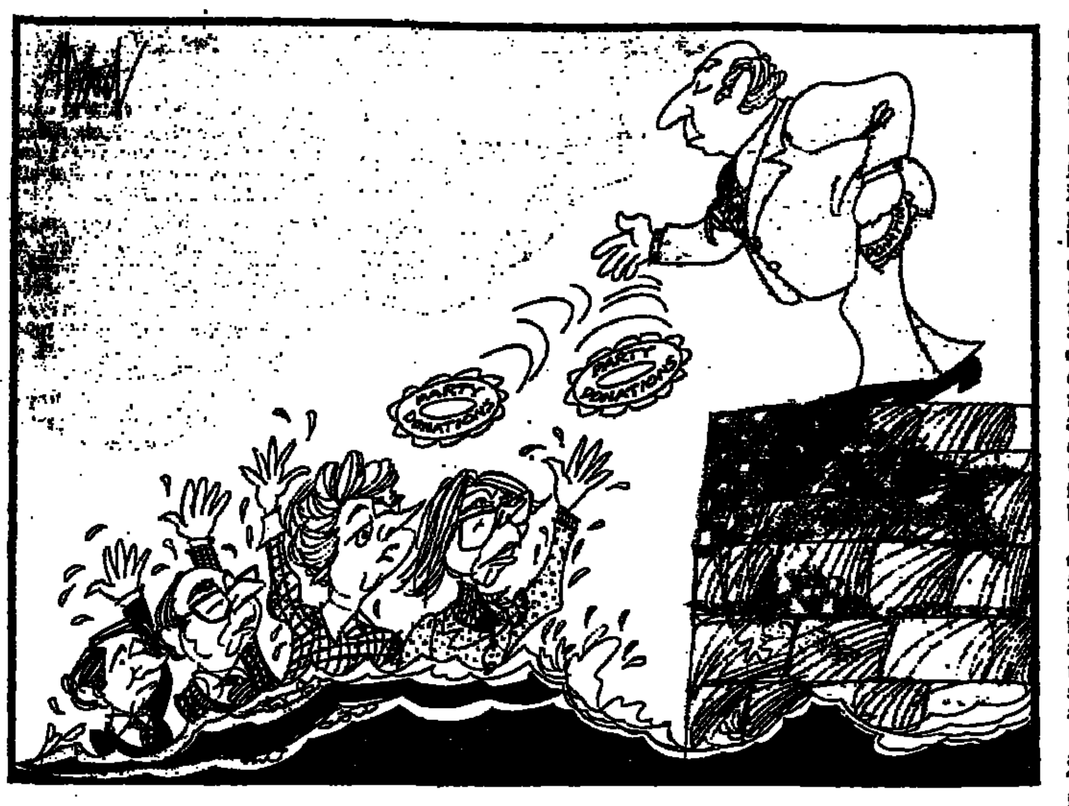
Taking liberties?

Though Liberty, the Regent Street department store, has long been noted for its discriminating and tasteful clientele, I cannot deny a certain surprise at their recommended bargains for the annual summer sale. "In lingerie," the store revealed, "there are glamorous cotton voile nightie and bed jacket sets down from £72 to an affordable £30. Also of interest to men will be the astounding savings in rainwear."

Observer

POLITICS TODAY

Coming to the financial aid of the parties



BRITAIN'S political parties are going steadily bankrupt. The Conservative Party had a deficit in its central funds in 1978-79 of £1.37m, and of nearly £600,000 in 1979-80 and will top that figure in the current year.

The Labour Party has repeatedly to be baled out by the trade unions. The Liberals keep their heads above water merely by spending very little money. The newly formed Social Democratic Party faces major funding problems in the future and so far has few ideas how to resolve them.

It is therefore timely that the Hansard Society should have again raised the subject of state aid to political parties in a report* published this week. You do not have to accept all its recommendations—and as usual on matters of this kind the all-party committee of inquiry (chaired by Mr Edmund Dell) is divided—to see that it is an issue that will not go away and indeed is becoming more serious with time.

There are three main reasons, all of which were mentioned in the Houghton Report on Financial Aid to Political Parties, published in 1976 and then largely forgotten.

The first is inflation. However much people may be aware of the general rise in costs, there is *a failure to realise*—or at least a reluctance to accept—that this applies to politics as to everything else. If a company gave £1,000 or £10,000 a year to the Tory Party a few years ago, there is a tendency to think that that is the sum that should be given today. Equally, at the individual level, somewhere in the folk memory lies a belief that the right sort of annual subscription to a political party is something like seven shillings and sixpence.

The second reason is the dependency on institutional donations or group interests. In 1979 the Labour Party had a central income of £2.15m. Nearly 90 per cent of it came from trade union affiliation fees.

The Tory counterweight of dependence on business *is smaller* in percentage terms, but in 1979-80 donations from companies accounted for about half the total central funds of £4.26m. (The Conservative Central Office denies the estimate in the Hansard Society report of 55-60 per cent.)

Related to that is the fact that the present system encourages the two main parties at the expense of the smaller ones, or indeed of new parties. It fosters the two-party system and moreover one based ultimately on the division between *the unions and capital*.

The third reason why the issue of state aid will continue to command attention is that in so far as at least the two big parties still receive adequate funds, they tend to be concentrated heavily on election years. When a general election approaches, the big brothers—unions and business—rally to the flag. Much less provision is made for the intervening periods and for the day-to-day running of a political organisation.

The Tories, for example, have been cutting back steadily on their *activities* ever since they won the election in 1979. Central Office has been trimmed and trimmed again. Liaison with the universities, trade unionists and minority communities has been cut because of absence of money. There will *be no pay* rises this year. The formal relationship with Saatchi and Saatchi has been dropped because the Tories can no *longer* afford it, though some members of the company continue to help on a voluntary basis.

To take one relatively small item: Crossbow, the quarterly magazine of the Conservative Bow Group, is now down to two issues a year. The group raises its own funds independently of *Central Office. Each issue costs* about £1,000 net to produce. Nowadays the money is just not there.

You do not have to be a Tory to regret this lessening of the group's contribution to the political debate. On the other *side of the fence*, the magazine Socialist Commentary disappeared because of lack of funds some years ago. Its loss is still felt.

Yet objections to state aid come most strongly from the Tory Party. The Liberals are in favour and the Labour Party approved the principle at its last annual conference.

The Tory case, at its purest, is that the funding of British political parties is based on *voluntary contributions. If a* party cannot raise the money that it needs, it ought not to be in business or as Lord Thorneycroft, the present Tory chairman, would say, it must cut its coat accordingly—which is what is happening at Central Office.

All that is fine in principle. The trouble is that the practice is not working all that well.

There are several possible responses to the Tory argument. For a start, the principle of sticking to voluntary contributions has already been breached in that official funds are now being supplied to opposition parties. The Labour Party received £290,000 in this way last year.

In any case, as the Hansard Society pamphlet points out, it is not quite clear how far the present system is purely voluntary. There is a good deal of evidence that many trade union members pay their political levy to the Labour Party without realising what they are doing. Similarly, companies may donate funds to the Tory Party without consulting their shareholders.

Again, state aid to the parties is provided in countries no less democratic than Britain: for example, West Germany. There is no sign that it has any corrupting influence. On the contrary, it makes for more efficient and better equipped party organisations.

The most telling argument for change, however, is based on fairness and the way that existing practices entrench the two-party system. The Tories may be suffering from a withdrawal of company funding at the moment, but there is little doubt that as the general election approaches, the support will come flooding back, just as in the end the unions always bale out the Labour Party. The Liberals and Social Democrats, who rely on genuinely voluntary individual contributions — without institutional support—will be left in the cold.

It is worth looking at the scale of the problem. It costs around £12m a year to run the Conservative Party—about £5m of which is raised by Central Office and about £7m in the constituencies, mainly from social activities such as coffee mornings, balls and bazaars.

The Labour Party's published annual expenditure is much less. The Houghton Report noted that in the constituencies the Conservative associations had approximately twice as large a financial turnover as Labour parties and Labour parties approximately twice as much as Liberal parties. On the other hand, there is nothing to stop the trade unions conducting a great deal of political activity on behalf of the Labour Party on their own.

The Social Democrats are ambitious enough to want to be a *nationwide* party with the same sort of income as the big two. To date they have raised about £700,000 from around 55,000 members. That is a measure of how far there is to go.

The suggested annual subscription is £9 or, as the party literature puts it, "the price of 200 cigarettes." But there is nothing to stop it being lower and, indeed, it seems that you could be a full member for 50p.

At present, the collective leadership is not quite sure what is happening. Applications to join are still said to be coming in at a rate of around 100 per day, but they are by no means all accompanied by the £9 subscription. It is suspected that some of the new constituency organisations are keeping some of the money for themselves and sending only a proportion to the party headquarters.

In the traditional pattern of British party politics, that would be quite reasonable. After all, *the constituency parties need* some funds of their own. The problem is, however, that the Social Democrats have not yet decided whether they want to follow the traditional pattern.

The future financial challenge is beginning to look formidable. It would take 1m members paying an average of £10 a year to produce £10m, and that would still be £2m less than the Conservative Party's income. It seems unlikely that the Social Democrats will be able to achieve a membership of anything like that level, at least before the next general election.

The merit of the Hansard Society's report is that it is a reminder that these financial barriers to political change exist. Two members of the committee, Sir Paul Bryan, the Conservative MP, and Sir Barrie Heath, the former head of GKN, are still opposed to any kind of state aid. But the majority recommend a form of matching aid under which contributions from the state would be measured against contributions from individual party supporters.

It is proposed that for every £2 given by an individual to a constituency association a further £2 would be supplied by the state to the central party organisation. On the assumption that one in 12 voters was prepared to contribute £2 to the party he or she supported, and on the basis of the last general election results, the Tories would be receiving £2.27m in state aid, the Labour Party £1.9m and the Liberals £714,000. The total state contribution, allowing for the smaller parties, would have been £5m.

There is no need to go into the details, for there could be many variations. What is interesting is the principle. As the Hansard Society report puts it: "Our scheme encourages the *parties to seek a large number* of small donations rather than a small number of large donations. We would hope that, by facilitating contributions to the political parties, we would also encourage contributors to participate in politics, and join the political party of their choice."

Incidentally, even if the scheme were adopted, it would still not help the Social Democrats immediately because it is based on the number of votes that a party won in the last general election. In the same way, unless existing procedures are changed, the Social Democrats will not qualify for party political broadcasts next time.

It is unlikely that anything will happen yet. But we do face a basic choice: either we catch up with inflation and pay more for our political parties by truly voluntary means, or we accept state aid.

* *Paying for Politics. The Hansard Society for Parliamentary Government. July 1981. 16 Gower Street, London WC1E 6DP. £2.50.*

Malcolm Rutherford

Letters to the Editor

The Berisford bid

From Mr N. Vinson.

Sir,—S. and W. Berisford's takeover bid for the British Sugar Corporation raises fundamental questions about the concentration of economic power and investment time-*horizons of the pension funds*.

The Monopoly Commission's rather flacid report on the Berisford bid has attracted considerable criticism and it is time that the legislation governing the commission's deliberations was amended to establish a much stronger presumption against size. Otherwise the present alarming trend will continue whereby cash-rich companies, under no obligation to distribute their surplus funds, employ them to buy into other activities of which they have no knowledge—on the pretext *of benefiting the shareholders who, not infrequently, are soon* invited to pay for the folly through a rights issue.

As for the pension funds, it would seem reasonable to expect them to stand by a management which, like that of British Sugar over the past few years, has run its company's affairs extremely competently to produce a financial record second to none. It is precisely the sort of investment they should welcome.

But no! The pension funds saw the Berisford bid as an opportunity for short-term gain to help them in their phoney league tables. They switched their support to a management which, however successful it may be in commodity broking, has no proven track record in the very different ball game of steering the fortunes of a manufacturing unit. Clearly, successful management has little virtue in the eyes of some pension trustees who show scant interest in helping create the sound industrial base which alone can guarantee true prosperity and security to their future pensioners.

This abuse of economic power is causing mounting anxiety, not least among people concerned to preserve the system of private enterprise. The race for size is the curse of our time.

While further bureaucratic interference in commercial activity is not the solution, we do need to restructure monopoly, competition and tax policy to more effectively discourage bigness and encourage demerging and descaling. And, if pension funds are to avoid their tasks being taken over by statutory *bodies*, their behaviour must become more responsible and far-sighted.

Last but not least, a mute Stock Exchange apparently revering the chance of an overnight buck, needs to recognise that it is assisting the forces which will destroy the very economic diversity which sustains it.

Nigel Vinson.
34 Kynance Mews, SW7.

No substitute for good roads

From the Chairman John Mowlem and Co

Sir,—Your leading article (July 1) on "The drift away from the city" was sadly lacking in any appreciation of the importance which infrastructure projects have to play in encouraging industrial revival in the cities.

Is it any wonder that industrial investment in London is an unattractive prospect when we are still without a complete motorway around London, and the prospects of complete radial roads into the centre, particularly through the docklands, are even further off? No capital city in western Europe is so *poorly provided with motorway* communications, and our expenditure on capital infrastructure projects as a percentage of GDP is only slightly more than half that of the average in the rest of western Europe.

Your article, preoccupied as it is with the social aspects of de*population*, at least recognises the need for industrial revival. This will not happen without a modern infrastructure, particularly of road communications. Tax incentives are no substitute for good roads.

E. P. Beck,
Westgate House, Ealing Road, Brentford, Middlesex.

A delight in a dreary stretch

From Mr C. Price

Sir,—As a constant observer of Barlaston Hall (June 29) across the Trent Valley for many years, and a once-only WEA lecturer from within its walls, I suggest that its image is far more important than its interior. Indeed, it is the only architectural delight in that dreary stretch. Its delightfully pompous shape (for it is quite small), its superb siting—the surrounding trees are essential—and its lovely colour when reflecting the sun are the qualities well worth preserving. On closer inspection the hilariously crowded classical features inlaid with gingerbread-cottage glazing make circumambulation well worthwhile.

Can it not be totally filled with inert plastic foam, cleaned, reglazed and left to feature in that otherwise featureless *patch?*

Cedric Price.
38 Alfred Place, WC1.

The price of cocoa

From Mr M. Landau

Sir,—On June 25 (P.38) you published an article on the sharp upturn in cocoa and also published a graph showing the price fluctuations of cocoa from 1976 to date. Between 1976 and 1977 the price of cocoa rose from approximately *£700 to* £3,100 and gradually over the years has now reduced to some £700 per ton.

While the price of cocoa and chocolate was substantially increased following the sharp upturn in 1977 there has been no reduction in the retail price of either cocoa or chocolate since that date, although the price is only one fifth of what it was in 1977.

It is appreciated that overheads and labour costs will have gone up fairly substantially between *1977* and *1981, but* there appears to be adequate room for price reductions. Furthermore, the large manufacturing companies appear to be stockpiling always at the wrong time and incurring substantial losses for their shareholders. At the same time they use these losses as an excuse for not passing on the appropriate price reductions to the consumer and state that the prices have to be averaged out over a period.

While the Government is fully justified in fighting inflation and trying to restrain wage increases to achieve that object, it also ought to look at the price fluctuations of raw materials and to see that there is fair play all round.

M. Landau.
Albany House,
324/326 Regent Street, W1

A falling currency

From Mr G. Mills.

Sir, — Since Sir Terence Beckett (June 17) and one of Sir Michael Edwardes' staff (June 29) have responded to my note (June 15) on the effects of a falling currency, please allow me to highlight the dif*ferences between useful fact* and misleading fiction.

The fall in the pound during recent history did not lead to any one of the several advantages which Sir Terence *has* now forecast will bless our current situation. To claim that a fall in the pound today will have quite different effects in the future than it was observed to have in the past is to wander into wonderland.

During that recent history our competitors' "pay increases have been much lower than ours" because they did not need to be any higher than they were. They were not importing inflation through currency decline, which has both immediate and delayed-action effects, and their unions did not therefore have to press for large pay increases in order to maintain living standards.

A falling currency had evidently enabled too many UK managements to run away from the very factors which were causing the currency to fall. In contrast, in competitor countries which held their currencies high and sacred, managements were forced to focus on those elements in the competitive equation, other than price alone, which induce customers to buy, such as design, distribution, marketing, reliability, delivery and credibility. And by being forced to plan relentlessly to raise productivity they were continuously able to restore price-competitiveness as well. Alongside this observation of real life the CBI's unfortunate, new definition of "international competitiveness" is seen as a deception. It looks at only a small part of that competitive equation.

It pretends that international competitiveness is improved when the currency falls, whereas Germany and Japan have been demonstrating precisely the opposite for decades, namely that true competitiveness is forced to improve when the value of the currency is maintained or increased.

The movement of an exchange rate is not alone the "reflection" of industrial success, any more than the movement of the FT Index is any sober reflection of industry's current situation. A currency *can be held sacred, or it can* be left to be played with like a lottery ticket or a stack of chips by those who have no other practical use for it. When the value of the pound is allowed to fall the value of the UK as a whole also falls. It becomes cheaper for the Arab and the Dutchman to buy our arable land, our office blocks, our company shares. It becomes more attractive for the UK company to focus attention on its overseas subsidiaries, because increased profits in other currencies will have a greater effect on the consolidated accounts, the very opposite of what is required to force attention to improving UK-based productivity. There are, on the evidence of the record, absolutely no compensating advantages to the UK.

Your correspondent from BL makes much play of the "pain" which BL feels when the pound rises. Can he tell me—what compensating "joy" did BL experience when the pound fell through all the years to 1978? Did BL gain market share? Or profitability? Or create more jobs? Or did the import of foreign cars decline? Sadly, we do really know all the answers Your correspondent from BL also tells us about the productivity shake-out which had been so sorely needed for so many years. "In BL it began in 1978." But that, Sir, was the year the pound was rising.

Geoffrey Mills.
1 Queen Anne Drive,
Claygate, Esher.
Surrey.

Rising cost of defence

From Mr M. Mitchell

Sir,—Your leading article on the rising cost of defence (June 26) contains a suggestion that competitive tenders from abroad should be invited. At first sight this appears to be an agreeably simple solution—but have you considered the implications? The objections to such a procedure purely from a cost viewpoint are as follows:—

Orders placed abroad inevitably include payment of someone else's taxation (non-rebatable). In the case of the UK the element of both direct and indirect tax returns to the Exchequer. Hence in the first case gross is net, but in the other there is a wide gap between these figures.

How do you propose to evaluate the cost of a foreign contract when currencies are performing like mining shares?

If HMG has so little faith in British industry (the high costs of which to a considerable extent reflect the actions and taxes of HMG) that it places its orders elsewhere, where does our own industry hope to sell its products?

Action of this nature: reduces the UK industrial base; reduces our competitive ability in world markets by raising unit costs; causes further unemployment, and a domino effect inasmuch as those who lose their jobs *must then* be paid by the state for doing nothing; at the same time tax receipts are reduced, and consequently our ability to meet our own defence costs.

One should also consider whether it is in any way appropriate to rely upon foreign contractors for defence items other than those of a sophistication which is beyond the present capacity of our own industry—which certainly does not include frigates. In such cases we should follow the example of the Americans in acquiring a *licence to* build the *product* here (that is the Harrier—which we are now contemplating buying back in improved form).

Ill-considered suggestions of this kind are only likely to undermine our own capacity to defend ourselves.

M. R. S. Mitchell,
The Old House, Aldham,
Nr. Colchester, Essex.

Today's Events

GENERAL

UK: Institute for Fiscal Studies conference on the future of corporation tax, Regent Palace Hotel, W1.

National Union of Mineworkers executive meets in Jersey to discuss Belvoir coalfield.

Mr. William Rodgers, member of Social Democratic Party leadership speaks at Carlisle.

Judgment delivered on Burmah Oil's claim against Bank of England.

Harrods summer sale opens.

Church of England General Synod opens, York.

National Union of Railwaymen's conference continues, St. Andrews (to July 10).

Confederation of Shipbuilding and Engineering Unions conference concludes, Ayr.

Overseas: United States of America celebrates Independence Day.

Spanish Foreign Minister arrives in Athens for talks on EEC, Nato, and European Security Conference.

PARLIAMENTARY BUSINESS

House of Commons: Debate on the disabled with special reference to the International Year of Disabled People.

House of Lords: Disabled Persons (No. 2) Bill, report. Town and Country Planning (Minerals) Bill, consideration of Commons amendments.

COMPANY MEETINGS

Barr and Wallace Arnold Tst., Dragonara Hotel, Neville Street, Leeds, 12. Robert Bradford (Hldgs.), Minster House, Arthur Street, EC, 10. Bristol Waterworks, Bridgwater Road, Bristol, 12.30. Dwek Group, 100, Old Broad Street, EC, 12. Gieves Group, Brown's Hotel, Dover Street, W, 12. Glasgow Pavilion, 112, West George Street, Glasgow, 10.30. Minster Assets, Savoy Hotel, Strand, WC, 12. Scott and Robertson, Park Mill, Dundee, 12. Scottish Ontario Inv., 29, Charlotte Square, Edinburgh, 12.30. Selincourt, The White House, Albany Street, NW, 11. G. W. Sparrow and Sons, Lansdown Grove Hotel, Bath, 12. Tyson (Contractors), Atlantic Tower Hotel, Chapel Street, Liverpool, 12.

Norsk Data obtains listing on London Stock Exchange

BY IAN RODGER

NORSK DATA, the high-flying Norwegian mini-computer supplier, has obtained a listing on the London Stock Exchange and expects London to become the principal market for its shares.

In Oslo, the shares have soared from a low NKr 42 (about 360p) earlier this year to a current NKr 400 (about £34). Mr Tharald Brovig, vice-chairman, said at a press conference in London yesterday that the absence of an effective capital market in Norway had been a problem for the company in the past.

Meanwhile, the shares of KCA Drilling, the new offshoot of KCA International, got off to a bad start, dipping 10p below the offer price of 95p and closing still lower at 80p. Only 65 per cent of the 20m shares were taken up in the offer, which was also underwritten by Charterhouse Japhet.

Some 18 per cent of the company's 1.7m shares (following the current rights issue) are held outside Norway, 7 per cent in the UK. Last week, the Norwegian Government agreed that the proportion of the company's shares held by foreigners could be raised from the normal 20 per cent to 30 per cent.

Founded in 1967, Norsk Data has grown rapidly by concentrating on designing high performance mini-computer systems. Revenues have grown from NKr 80.6m in 1976 to NKr 312.9m last year. Profits before tax and year-end allocations (tax deferral measures) rose from NKr 4m to NKr 28.1m over the same period.

In July 1979, the company acquired 92.3 per cent of Tandberg, the manufacturer of audio equipment for NKr 12m but in late 1980 its holding was reduced by the sale of 42.6 per cent at a book loss of NKr 5.4m. Following further transactions, Norsk's interest in Tandberg has been reduced to 43.9 per cent.

The company develops general purpose mini-computer systems that range in price between NKr 100,000 and NKr 2.5m, with the average price being NKr 0.6m. The policy is to limit manufacture to the assembly of bought-in components. No supplier accounts for more than 15 per cent of total purchases.

Norsk Data's principal markets are research institutes, educational institutions, defence agencies and other users of computers for technical purposes. Its customers include the European Organisation for Nuclear Research, the French Atomic Agency and General Electric of the U.S.

The company has also been developing commercial markets for its computers.

In 1980, nearly half of its sales were outside Norway, but the Norwegian Government, through its various agencies, is a substantial customer, accounting for 21 per cent of sales last year.

The balance sheet at December 31 1980 shows assets of NKr 363.6m and shareholders' funds of NKr 40.4m. Reserves with contingent tax liabilities, which are considered to be part of equity, of NKr 34.1m. Borrowings at June 1 1981 stood at NKr 149.4m plus guarantees of NKr 39m.

The company is in the midst of a rights issue on the basis of one new share at par (NKr 40) for every two held, and expects to raise further ordinary share capital within a year if conditions remain favourable.

The directors hold about 45 per cent of the shares and the employees a further 14.6 per cent.

Norsk Data has been introduced to the Stock Exchange by County Bank and brokers to the introduction are Hoare Govett.

Dealings begin this morning.

Burtonwood better than predicted

Taxable profits of Burtonwood Brewery Company (Forshaws) improved from £2.17m to £2.76m for the year to end-March 1981 on turnover of £16.43m, compared with £14.6m.

The rise in profits is better than the directors predicted at midyear when the pre-tax figure was ahead at £1.2m (£1.08m).

At that time they warned that it would be difficult to maintain the first half advance in the second six months because of the unemployment and short-time working in many industries in the North-West—the company is based at Warrington.

Stated earnings per 25p share rose from 27.6p to 36.8p and a final dividend of 3.327p (2.82p) brings the total for the year up to 5.182p net, against 4.515p.

Tax took £1.17m (£968,000).

Receivers appointed

Mr. Alan Jones and Mr. Roger Dickens, partners at Peat, Marwick, Mitchell's Birmingham office, have been appointed receivers and managers of Oakley (Wolverhampton), manufacturer of lead acid batteries for motor and commercial vehicles.

They have also been appointed joint receivers and managers of the company's subsidiary Powergrade, a retail distributor of Oakley's battery products. The receivers intend to permit the company to trade for the time being and sell the business as a going concern.

Mr John Ridings, a partner at Peat, Marwick, Mitchell's Bradford office, has been appointed receiver and manager of Greenbank Construction Co., a Bradford-based building contractor and house developer. An assessment of the company's viability is being undertaken.

Profits rise at Tanjong

NET PROFITS of Tanjong Tin Dredging, the Malaysian tin producer, for 1980 rose to £256,102 from £87,718. Tin production was 36 per cent higher at 4,442 piculs, due mainly to the fact that the company was working a higher proportion of virgin ground.

A dividend of 15p a share was paid in March this year, and the final of 2p will be paid next month.

With production in the first four months of 1981 falling behind the comparable period of 1980 by 29 per cent, due to the lower grade ground currently being exploited, the company makes no direct forecast of results for this year. Mr P. K. H. Kuok, the new chairman, said only that pre-tax profits were expected to be substantially lower.

The company is now owned as to about 70 per cent by Tien Ik Enterprises, a Malaysian company controlled by the David Kuok family interests.

EXPLAURA GOLD

The Council of the London Stock Exchange has given permission for dealings to take place under Rule 163/3 in all of the share capital of Explaura Gold, formerly Deviturai Holdings, as from today.

SPAIN

July 2	Price %	+ or −
Banco Bilbao	320	−6
Banco Central	356	−9
Banco Exterior	336	+2
Banco Hispano	297	−8
Banco Ind. Cat	123	
Banco Santander	373	−8
Banco Urquijo	223	
Banco Vizcaya	250	−6
Banco Zaragoza	239	−4
Dragados	199	−9
Espanola Zinc	88	
Fecsa	69 5	
Gal. Preciados	55	
Hidrola	74.5	−1.2
Iberduero	60.7	−1.3
Petroleos	130	+3
Petroliber	102	
Sogefisa	59	
Telefonica	85.7	−1.3
Union Elect.	70.2	+0.7

GEC up £61m to £476m and pays final of 6.75p

PRE-TAX profits of The General Electric Company Ltd for the year to the end of March 1981 increased by £61m to £476m on higher external sales of £3.46bn, against £3.01bn. First-half profits were up from a restated £155.2m to £189.7m.

A larger final dividend of 6.75p, compared with 5.25p, is proposed, which will bring the year's total to 10.25p, against 8.25p. Earnings per 25p share are stated at 54.5p compared with 45.7p.

Tax for the year is up from £156m to £172m and minority interests took £5m compared with £9m, leaving attributable profits of £299m (£250m).

Included in pre-tax profits are a credit of £118m (£81m) for interest receivable and investment income, and debits of £24m (£23m) from interest on capital notes and £25m (same) from other interest payable.

The share of profits of associated companies increased from £27m to £31m.

Other changes in the net book worth of group include a capital items credit of £29m (£4m), a debit on goodwill on acquisitions made in the year of £5m (£42m) and a debit on exchange valuation adjustments of £14m (£19m).

Broken down into sectors, the turnover (including inter-group sales) and pre-tax profits in the UK are as follows power engineering £531m and £61m (£427m and £46m), industrial £368m and £42m (£334m and £48m), electronics, automation and telecommunications £1,235m and £160m (£1,042m and £135m), components, cables and wire £464m and £39m (£397m and £35m), consumer products £290m and £13m (£303m and £21m) and associated companies £142m and £1m (£116m and £3m).

Overseas, subsidiaries made pre-tax profits of £6m (£61m) on turnover of £177m (£688m), associated companies £30m £24m) and £279m (£227m) and other activities and items made a loss of £5m (profits £9m) on turnover of £25m (£20m).

Exports from the UK moved ahead from £803m to £965m and export orders received were up from £807m to £1.21bn.

Bank balances and deposits, less bank overdrafts, were £861m at March 31 1981 (£599m).

Current cost accounting gives pre-tax profits as £360m (restated £297m).

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Satisfactory new life and pensions business at Pru

The Prudential Corporation, the largest life assurance company in the UK, reports satisfactory new life and pensions business in the first half of this year.

New annual premiums on its world-wide business rose 13.3 per cent in sterling terms from £94.3m to £107.4m, while single premium growth showed an even more impressive rise of 37 per cent from £51.2m to £70.1m.

New sums assured were over 20 per cent higher at £6bn, although new annuities declined slightly to £77m.

But the underlying picture shows a patchy situation with strong growth in some sections of the organisation being partially offset by dull figures in other sections.

Traditional life and pensions business in the UK has generally fallen into the second category. Individual life and pension annual premiums in the Pru's ordinary branch rose marginally from £31.1m to £31.5m, while group pensions annual premiums slightly declined to £14.2m (£14.4m).

Industrial life business, where agents collect premiums frequently from the homes of policyholders, showed a slightly better picture with premiums rising 6 per cent to £32.8m.

Better figures in these sectors were shown for single premium business. On individual life and pensions, single premiums were 23 per cent higher at £7.9m, against £6.4m, while on group pensions, single premiums rose over 60 per cent from £13.4m to £21.6m.

It would appear that companies were not willing to commit themselves in the pensions field to making annual premiums to pay for benefits, preferring to pay for them outright by making single premium payments.

The success story for the Pru on annual premiums has been the growth of its linked-life subsidiary Vanbrugh Life where these premiums rose sixfold from £1m to £6.5m, thanks to the success of its self-employed pension contract following the introduction of the loan back facility.

But this growth would appear to have been achieved at the expense of its single premium business which rose marginally from £19.9m to £20.3m.

Overseas life and pensions business did well in the period with new annual premiums jumping by one-third to £13.3m (£9.9m) and single premiums by nearly 80 per cent to £16.1m against £9m.

The weakness of sterling contributed around one-third of this growth level, but there was real growth in business in the half-year, especially in South Africa, Canada and Australia.

Good growth in business was also recorded by the Pru's specialist reinsurance company Mercantile and General Reinsurance, where new annual premiums rose 20 per cent from £7.6m to £9.1m and single premiums by nearly 70 per cent to £4.2m (£2.5m).

But this growth occurred overseas where business rose 42 per cent in sterling terms with an underlying growth of 20 per cent. New annual premiums in the UK showed little change.

Memec offer for sale heavily oversubscribed

The offer for sale of Memec (Memory and Electric Components), a distributor of electronic components and micro-computer systems, has been heavily oversubscribed.

Application lists closed at 10:01 am yesterday for the 3.75m shares on offer at 140p a share. Later, Charterhouse Japhet, the underwriters, said that the offer had been oversubscribed more than 31 times based only on cheques received for over £25,000 and at least £250m had been received. Full allotment details will be announced today and dealings are expected to start on July 8.

Meanwhile, the shares of KCA Drilling, the new offshoot of KCA International, got off to a bad start, dipping 10p below the offer price of 95p and closing still lower at 80p. nly 65 per cent of the 20m shares were taken up in the offer, which was also underwritten by Charterhouse Japhet.

Norvic may be sold as going concern

Norvic Securities, the Norwich-based shoe manufacturer which called in the receiver on Wednesday, may be sold as a going concern. Mr Charles Metcalfe, chairman, said at the annual meeting that the newly-appointed receiver was trying to sell the business.

Mr Metcalfe said: "We find ourselves in rather unusual and almost tragic circumstances."

NCC Energy slides to £2.17m pre-tax loss and lifts payout

IN THE year ended March 31 1981 NCC Energy slumped from a pre-tax profit of £102,000 to a loss of £2.17m on turnover well down at £27.64m compared with £36.66m.

At the half year stage the company made a taxable loss of £377,000 (£206,000) and turnover stood at £10.93m (£21.89m).

However at the year's attributable level NCC Energy made a profit of £6.14m (£7.55m) after tax relief of £1.23m (£125,000) and extraordinary profits of £7.09m (£7.32m). The final dividend is increased to 1.35p net (1.05p adjusted for scrip) per 10p share making a total for the year of 1.75p (1.4p).

The extraordinary profits comprise a surplus on the sale of investments of £8.41m (£7.26m), less redundancy costs of £555,000 (£70,000) and goodwill written off of £733,000 (nil).

The directors say considerable progress was made during the year transforming NCC into a fully integrated energy and natural resource company. Over two-thirds of its assets are now employed directly in energy and natural resources of which the majority is in the U.S.

The group has interests in over 350,000 oil and gas acres, over 790 producing gas wells and seven producing oil wells.

It also has a 20 per cent interest in the largest proven chrome, cobalt and nickel reserves in the U.S. capable of producing 45 per cent of that country's requirements which are at present entirely met from imports.

The stated net asset value per share on a comparable basis has been increased from 59p to 80p at book values with a market value of 95p. These values do not include any revaluation of the group's oil and gas interests which would be substantial, the directors say.

NCC has announced preliminary terms of the proposed merger with Simplicity Pattern Company Inc. The merged group have assets of £125m including cash of over £45m.

Earnings per share are stated as a loss of 3.49p (0.92p earnings) before extraordinary items and as a surplus of 22.57p (30.72p) after them. The pre-tax loss was struck after interest payable of £1.46m (£347,000).

Bromsgrove down sharply to £180,000

A further decline in profitability in the second six months left Bromsgrove Casting and Machining with a virtually halved pre-tax profit of £180,000 for the year to March 31, 1981, compared with £356,000. At halftime, the taxable surplus had fallen from £128,600 to £105,400.

Tax for the year took £102,000 (£200,000) and stated earnings per 5p share dropped from 9.8p to 4.9p. The dividend total is being reduced from 4p to 2.25p net, with a final of 1.5p.

Turnover fell from £3.73m to £3.11m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Birmingham Pallet int.	Nil	—	1	—	2.5
Blundell-Permoglaze int.	1.6	—	1.6	—	4.8
Bromsgrove Casting	1.5	Nov 5	3	2.25	4
Burtonwood Brew	3.33	—	2.82	5.2	4.52
Centrovincial	1.33	Oct 1	1	2.66	2
GEC	6.75	Oct 1	5.25	10.25	8.25
NCC Energy	1.35	—	1.05*	1.75	1.4*
Riverview Rbr.‡ sec int	4	Aug 18	4	—	18
Scot. & Newcastle	2.88	Aug 27	2.88	4.38	4.38
Thermal Syndicate ...int	3†	Aug 6	3	—	7

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Malaysian sen gross throughout.

RESULTS AND ACCOUNTS IN BRIEF

COUNTRY GENTLEMEN'S ASSOCIATION—Results for the year to March 31 1981: Net profit £10,708 (£10,579), after tax of £54,544 (£14,542 credit). Turnover £2.32m (£2.47m). Stated earnings per £1 share 75p (43p). Net dividend 25p (20p). Board considers company is at present in better shape than in recent years and views future with optimism.

MK ELECTRIC HOLDINGS—Results *for year to end-March, 1981, reported* June 17. Fixed assets £25.31m (£21.56m): current assets £34.97m (£30.28m): current liabilities £18.24m (£19.25m). Shareholders' funds £36 32m *(£31.65m). Increase in working capital* £5.61m (£2.25m): increase in net bank borrowings £4 6m (£2.94m). Company will continue to invest in higher technology, new manufacturing methods *and modern machinery. Proposed to* change name of company to MK Electric Group. Meeting, Chartered Accountants' Hall, Moorgate, EC, July 22, noon.

AUDIOTRONIC (electronics distribution group)—Results for year to March 1, 1981, reported June 16. Fixed assets £828,000 (£916,000): current assets £3.32m (£4.98m), including debtors £849,000 *(£1.96m): current liabilities* £2.39m (£4.26m), including bank loans and overdrafts (secured) £424,000 (£1 49m) and creditors £1.93m (£2.67m). Shareholders' funds £1.57m (£1.29m). Increase in working capital £216,000 (£646,000 decrease). Meeting, Great Eastern Hotel, Liverpool Street, EC, September 4, noon.

ENGLISH AND INTERNATIONAL TRUST—Results for year to April 5, 1981, reported May 29. Investments £17.4m (£14.61m) including £10 44m (£9.73m) listed in UK and £6.16m (£4.69m) elsewhere. Meeting, 117 Old Broad Street, London, July 20, at 11.00 am.

LONDON PRUDENTIAL INVESTMENT TRUST—Results for year ended April 30, 1981, reported May 26. *Valuation of investments* £9.29m (£6.62m). Unrealised appreciation on investments £4.14m (£2.41m). Shareholders' funds £8.85m (£6.58m). Decrease in liquidity £431,000 *(£311,000 increase). Meeting,* 20 Fenchurch Street, EC, July 22, at 12.45 pm.

METAL BOX (container manufacturer and engineer)—Results for year to March 31 1981 and prospects reported June 9. Shareholders' funds £295 69m (£326.06m), fixed assets £305 14m (£294.62m), net current assets £121.8m (£136 04m), loans £93 76m (£75 84m), bank and cash balances £34 5m (£16.91m). Chairman's emoluments increased from £34,000 to £67,000. Meeting, Plaisterers Hall, London Wall, July 23 at noon.

DUALVEST—Results for the year to March 31, 1981, reported May 9. Fixed assets £15.67m (£12.45m), including investments listed at market value in Great Britain £12.74m (£10 98m) and elsewhere £2 22m (£1 33m): current assets £773,362 (£508,232): current liabilities £457,660 (£423,398). Capital shareholders' funds £11 48m (£8 03m). Meeting, 117 Old Broad Street, EC, July 23, 12.15 pm.

COMFORT HOTELS INTERNATIONAL—Results for year to December 29, 1980, reported May 15. Shareholders' funds £16.21m (£15.6m), secured loans £17 99m (£14 73m), fixed assets £37 5m (£73 19m), current assets £4 61m (£5 42m), current liabilities £10 07m (£11 21m). Meeting, 99 Kensington High Street, W, August 4, at 10 30 am.

READICUT INTERNATIONAL (*textile* products)—Results for March 31, 1981, year reported May 20. Shareholders' funds £34.44m (£37 92m), group fixed assets £21.7m (£21.58m), net current *assets £20.44m (£23.8m). Meeting,* Leeds, July 23, 12.30 pm.

EDBRO (HOLDINGS) (engineering)—Results for year ended March 31, 1981, reported June 3. Group fixed assets *£8.24m (£8.73m), net current assets* £1 14m (£7 1m), shareholders' funds £7.64m (£13 87m). Meeting, Charing Cross Hotel, Strand, July 23, 10 am.

SKETCHLEY (industrial workwear rental, dry cleaning and textile finishing group)—Results for year to March 27, 1981, reported June 10. Fixed assets £13.89m (£12 8m), current assets £23 33m (£24 34m), current liabilities £13.2m (£14 33m) including bank borrowings £2 5m (£5 9m). Shareholders' funds £18 16m (£16 52m). Increase in working capital £3 54m (£3 49m decrease). Capital commitments £1.73m (£3 33m). Meeting, Leicestershire, July 23, 3 pm.

WGI (engineer)—Results for year ended March 29, 1981, reported June 13 with chairman's remarks on prospects. Group fixed assets £8.75m (£7 22m). Net current assets £3.74m (£4 73m). Shareholders' funds £11 64m (£11.14m). Meeting, Ironmongers' Hall, EC, July 22, 11.30 am.

BRUNNING GROUP (advertising, marketing, boat building)—Results for March 31, 1981, year already known. Group fixed assets £2.11m (£2.27m). Net current assets £2 55m (£2 68m). Shareholders' funds £3 48m (£3.46m). Meeting, 100 Whitechapel Road, E, July 23, 12.15 pm.

E. AUSTIN AND SONS (LONDON) (materials handling and warehousing) —*Results for year to end-March, 1981,* reported June 24. Net current assets £837,000 (£976,000), shareholders' funds £2.88m (£2.87m). Decrease in working capital £117,000 (£136,000 increase). *Historical* pre-tax profit £93,000 (£511,000) reduced to loss £245,000 (£127,000 profit) on CCA basis. Board proposes to remove word London from company's title. Meeting, Winchester House, London Wall, EC, July 22, noon.

PEGLER - HATTERSLEY (engineer) — Results for year to March 28, 1981, *reported June 11.* Shareholders' funds £86 73m (£79 67m), net current assets £56.53m (£45 56m) including short-term deposits £13 59m (£0.52m) and bank loans and overdrafts £0 72m (£4.73m). Chairman says demand in some sectors appears to have stabilised, but there is no evidence yet of an upturn in the UK economy. Meeting, Doncaster Racecourse, July 24, at noon.

VALOR (heating and cooking appliance manufacturer)—Results for year ended March 31, 1981, reported June 12. Shareholders' funds £15.93m *(£15.4m): loan capital* £2.55m (£3.1m): fixed assets £9 57m (£8.17m): goodwill £4.31m (same): net current assets £4.73m (£6 14m): historic pre-tax profit £1 52m (£2 52m): CCA pre-tax profit £664,000. Meeting: Dowgate Hill, EC, July 23, noon.

ARBUTHNOT LATHAM HOLDINGS (Merchant bank with insurance, business *advisory and commodity* interests)—Results for year to March 31 1981 reported June 19. Shareholders' funds £15 81m (£13 97m), banking group current, deposit and other *accounts, including provision for* tax and inner reserves £132 48m (£97.17m), loans, advances and other accounts £63 38m (£35.34), non-banking group overdrafts £1.28m (£4.69m), *bank borrowings for export finance* £17 51m (£10 43m), bills receivable and promissory *notes* for export finance £21.6m (£10.8m). Meeting, 37 Queen Street, EC, July 30 at 12 30 pm.

DUPORT (metal forming, furniture, plastics)—Results for the year to January 31, 1981, and prospects reported June 25 and details of company's capital reconstruction reported April 1, 1981. Special resolutions to be proposed at the annual meeting include increasing the share capital from £16 5m to £19m by the creation of 10m new ordinary shares of 25p each; and that the share premium account of £6.05m be cancelled. The annual report and accounts show shareholders' funds at £12 85m (£67 25m), fixed assets £20 78m (£57 84m), current assets 25.6m (£76.36m)—including debtors £15 51m (£39.41m), current liabilities £30 51m (£45 24m)—including creditors £17.01m (£35 15m) and short-term borrowings £13.5m *(£8.13m).* Group's land and buildings were revalued as at January 31, 1981 and a surplus of *£5.75m has been credited to reserves.* Mr. Eric Sayers is retiring as chairman and from the board at the conclusion of the AGM. His successor will be Mr. Jack Russell, at present deputy chairman. Meeting: Tipton, July 24, at 12 30 pm.

W. Holdings gets its gold leases

SOUTH AFRICA'S Minister of Mineral and Energy Affairs has now approved the granting of and cession of mining leases which will establish the proposed enlarged Western Holdings "supermine" gold mining complex.

Existing leases held by Western Holdings and Welkom are to be worked as one mine. In addition, the lease at present held by Free State Saaiplaas will be enlarged by the inclusion of a lease granted in respect of the new Erfdeel-Dankbaarheid area.

The two leases areas will be treated independently for the purpose of calculating the percentage of profits payable to the State; losses are not transferable between the two areas for the purposes of the calculation of the State's share of profit.

As far as income tax alone is concerned, however, assessed losses in one area may be offset against taxable profits in the other.

The formula for determining the percentage of mining tax payable is: 60 minus 360 divided by the ratio of mining profits (after the State's share of profit) to mining revenue expressed as a percentage. The basic amount is subject to a surcharge of 5 per cent.

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Santos says oil flow at Tirrawarra 13 is 730 bpd

AN APPRAISAL and development well at Tirrawarra 13 in South Australia's Cooper Basin flowed oil at a rate of 730 barrels per day from a test over the interval between 9,476 feet and 9,554 ft, according to Santos.

The flow was accompanied by gas at a rate of 3,560 cubic feet per barrel.

Further tests of the Tirrawarra sandstone in the area will be made after casing has been run into the well, which is now at its total targeted depth of 9,753 ft.

Santos has a 37.78 per cent stake in the well. The other major shareholders are South Australian Oil and Gas 14.65 per cent, Delhi Petroleum 15.58 per cent, Vamgas 7.56 per cent, and the Bridge Oil group 9.68 per cent.

* * *

Santos is also involved in a new gas find at Daralingie 4, again in the Copper Basin. Gas flowed at a rate of 5.8m cubic feet a day from a test over the interval between 7,327 ft and 7,372 ft.

When testings has finished, the well will drill ahead to the planned total depth of 7,885 ft. Daralingie 4 is being entirely funded by South Australian Oil and Gas, which has a 10 per cent stake.

Other stakes are: Santos 50 per cent, Delhi Petroleum 30 per cent, and Vamgas 10 per cent.

* * *

The Wapet oil and gas exploration group plans to double spending on exploration in Australia this year to A\$62m (£37m), while total expenditure is expected to be around A\$100m.

The main reason for the rise is the discovery of gas in the offshore Gorgon field, where the group plans a new well and a seismic programme.

The group also announced that Ejarno 1, an onshore exploration well in the Perth Basin of Western Australia, has been plugged and abandoned as a dry hole.

Wapet group comprises Shell Development (Australia), California Asiatic Oil and Texaco Overseas Petroleum each with 28.57 per cent, and Ampol Exploration with 14.29 per cent.

* * *

Barrack Petroleum (Australia), which is controlled by the Saudi Arabian financier Adnan Khashoggi, is to spend more than A\$30m (£18m) on oil and gas exploration in Western Australia over the next three years.

The company has previously been involved in this field in the U.S. and Canada.

SHARE STAKES

Allied Plant Group—South Yorkshire Pension Fund acquired a further 200,000 shares and now holds 1.2m shares (8 per cent).

F. Miller (Textiles)—Company have been advised of the following shareholdings: MGX Nominees — 900,000 ordinary shares; Scottish Amicable Life Assurance Society — 560,000 ordinary shares; Scottish Amicable Pensions Investments—320,000 ordinary shares.

London Sumatra Plantations—Harrisons and Crosfield has a total interest as at June 29, 1981 in 15,293,706 shares (96 per cent).

Drayton Consolidated Trust—London and Manchester Assurance Company has sold 226,185 25p ordinary shares thereby reducing its holding to 1,575,000 (below 5 per cent).

United City Merchants—Carr, Sebag and Co. purchased on behalf of Haynesville of Hong Kong 250,000 ordinary at 40p.

Pritchard Services Group—Interest of Hawley Leisure is now under 5 per cent of the issued share capital.

United City Merchants—On June 26, 1981 Carr, Sebag and Co. purchased on behalf of the Arab Asian Group of Bahrain 1,700,000 ordinary shares at 40p and 200,000 at 39½p.

Microfilm Reprographics—Mr. S. H. Cordier, director, purchased 20,000 ordinary at 69½p.

United Carriers—Mr. P. D. Whyman, director, sold 20,000 ordinary shares (0.079 per cent). Total holding now 10,000 shares.

Spencer Clark Metal Industries—South Yorkshire County Council Superannuation Fund, following purchase of 45,000 shares, now holds 300,000 ordinary shares (6.01 per cent).

F. H. Lloyd Holdings—Cooper Industries bought 1,200,000 ordinary shares bringing its total holding to 6,613,200 (27.43 per cent).

Carless, Capel and Leonard—Mr. John T. Leonard, director, sold 20,000 ordinary (0.4 per cent) and now holds 1,029,540 shares (2.09 per cent).

Levex—Mr. C. R. Harris sold 100,000 shares at an average of 17.25p. He remains beneficially interested in ordinary shares and £30,000 loan stock.

Forward Technology Industries—Following the sale on June 15, 1981 of 25,000 ordinary shares, Mr. Jev Green, director, is now interested in 2,696,500 shares, including 2,478,334 held as a trustee of the GSJ Allen family trust.

Drayton Premier Investment Trust—the Provincial Insurance Company is beneficial owner of £156,700 3.5 per cent preference stock and £68,500 3.5 per cent (formerly 5 per cent) preference stock, which together represent 10.65 per cent of preference stock of company.

Drayton Commercial Investment—Provincial Insurance Company is beneficial owner of 116,800 4 per cent cumulative preference stock (8.1m).

Federated Land—Industrial and Commercial Finance Corporation on June 24 sold its ordinary holding (818,325 shares).

BANK RETURN

	Wednesday July 1 1981	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	43,573,139	+ 11,145,037
Bankers Deposits	673,585,848	— 57,487,758
Reserve & other Accounts	1,574,926,071	+ 84,891,488
	2,306,639,058	+ 38,548,757
Assets		
Government Securities	701,079,218	— 4,965,000
Advances & other Accounts	975,084,101	+ 51,810,924
Premises Equipment & other Secs.	623,013,417	— 1,490,620
Notes	7,210,840	— 6,791,279
Coin	251,482	— 15,268
	2,306,639,058	+ 38,548,757
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	10,600,000,000	+ 75,000,000
In Circulation	10,592,789,160	+ 81,791,279
In Banking Department	7,210,840	— 6,791,279
Assets		
Government Debt	11,015,100	—
Other Government Securities	9,029,126,383	+ 219,943,317
Other Securities	1,559,858,517	— 144,943,317
	10,600 000,000	+75,000,000

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	\$400	22	27 B	1	45 B	—	—	\$414.75
GOLD C	\$425	20	13.50	75	31 B	—	—	"
GOLD C	\$450	20	8	14	20	114	34	"
GOLD C	\$475	59	4	10	13 B	32	27 B	"
GOLD C	\$500	77	1.60	—	—	69	20	"
GOLD C	\$525	—	—	221	6	—	—	"
GOLD C	\$550	—	—	220	4	—	—	"
GOLD P	\$400	61	13	10	16 A	5	20.50 A	"
GOLD P	\$425	20	25 A	35	23 A	27	25.50 A	"
GOLD P	\$450	124	38 A	36	36 A	—	—	"
GOLD P	\$475	49	60 A	1	61 A	—	—	"
GOLD P	\$500	8	85 A	1	85 A	—	—	"
		July		Oct.		Jan.		
ABN C	F.300	39	6	33	14	15	19.50	F.304.50
ABN C	F.320	19	0.50	—	—	—	—	"
AKZO C	F.15	—	—	40	10.60	—	—	F25.50
AKZO C	F.20	10	6.40	—	—	—	—	"
AKZO C	F.22.50	56	2.90	30	4	—	—	"
AKZO C	F.25	69	0.80	25	2.30	61	3.50	"
AKZO C	F.27.50	—	—	136	1.20	19	1.90	"
AKZO P	F.22.50	—	—	55	0.60	—	—	"
AKZO P	F.25	—	—	—	—	10	1	"
HEIN C	F.50	—	—	10	3.60	15	4	F.50
HEIN C	F.55	14	0.30	16	1.90	—	—	"
HEIN C	F.60	—	—	10	1	—	—	"
HEIN P	F.50	—	—	52	3.90	—	—	"
HOOG C	F.17.50	85	1	—	—	—	—	F.18.20
HOOG C	F.20	—	—	55	1	—	—	"
HOOG C	F.22.50	—	—	—	—	10	1.10	"
KLM C	F.100	12	23.50	—	—	—	—	F.122.30
KLM C	F.110	166	15.20	15	23	—	—	"
KLM C	F.120	129	5.80	15	17.50	—	—	"
KLM C	F.130	93	2.50	—	—	—	—	"
KLM C	F.140	136	0.90	14	7.60	60	12	"
KLM C	F.150	80	0.30	19	4.80	—	—	"
KLM P	F.80	69	0.10	—	—	—	—	"
KLM P	F.90	40	0.10	—	—	—	—	"
KLM P	F.100	—	—	12	2.90	—	—	"
KLM P	F.110	55	0.90	15	5.40	10	7	"
KLM P	F.120	27	4	—	—	—	—	"
KLM P	F.130	45	10	41	14	10.20	—	"
NATN C	F.125	—	—	22	2	—	—	F.117.70
NATN C	F.130	—	—	125	0.60	—	—	"
PHIL C	F.20	99	3.70	—	—	55	5.60	F.23.60
PHIL C	F.22.50	172	1.40	127	2.40	31	3.70	"
PHIL C	F.25	54	0.20	241	1.40	115	2.30	"
PHIL C	F.27.50	—	—	478	0.70	193	1.40	"
PHIL P	F.22.50	30	0.20	—	—	—	—	"
PHIL P	F.25	—	—	63	1.80	—	—	"
RD C	F.80	26	6.30	—	—	—	—	F.84.30
RD C	F.90	65	0.50	29	3.20	—	—	"
RD C	F.95	30	0.10	—	—	—	—	"
RD P	F.80	77	0.50	—	—	11	5	"
RD P	F.100	—	—	206	16.60	—	—	"
		Aug.		Nov.		Feb.		
BOEI C	\$35	10	½	—	—	—	—	\$30⅛
BASF C	DM.130	—	—	40	5	—	—	DM133

TOTAL VOLUME IN CONTRACTS 8796

A=Asked B=Bid C=Call P=Put

Centrovincial Estates slightly up at £1.37m.

THE COMMERCIAL property developer Centrovincial Estates increased its net revenue before tax from £1.35m to £1.37m for the year to March 31 1981. This included dealing profits of £23,000, compared with £147,000.

The directors say the increase reflects the improvement in the results overseas, now that the group's properties in Australia and South Africa are let.

They add that, as forecast in the interim statement, net income from properties for the year increased by more than 10 per cent; the increased contribution attributable to the UK properties were offset by an increase in the interest charge.

The final dividend is to be increased from 1p to 1.33p, making a net total of 2.66p against 2p. Stated earnings per 20p share increased from 4.11p to 5.16p.

Of the net income from properties of £3.7m against £3.34m, interest took £2.35m compared with £2.13m. Taxation was £560,000 (£704,000), leaving attributable revenue ahead at £810,000 against £645,000. Of this, £392,000 was retained, compared with £331,000 after dividend payments which absorb £392,000 (£331,000).

Capital items not included in the results totalled £1.28m (£13.1m) including a net surplus on valuations of investment properties of £1.3m against £12.55m.

Taking the UK investment properties at their 1980 figure of £48m, the group's net assets amounted to £38.8m at March 31 1981 (1980—£37.1m), equivalent to 247p per share (237p).

Scottish & Newcastle down by £6m

STRUCK AFTER much higher finance charges of £17m against £9.9m, taxable profits of Scottish & Newcastle Breweries were down, as expected, from £39.1m to £33.1m for the 53 weeks ended May 3 1981, on turnover expanded by £89.7m to £587.7m.

At midway profits had fallen from £22.6m to £19.3m.

The directors explain that the year has seen the first major downturn in beer consumption for two decades, and the general recession has hit both the tourist industry and the market for wines and spirits.

Unemployment caused a reduction in spending power in the main trading areas, and the company suffered a lengthy and costly strike at the two Tyne depots.

"In these conditions we did well to increase our operating profit," the directors state—this figure was £48.1m (£46.1m) but with the continuation of the investment programme, including the purchase of the EMI hotels and restaurants group, the increased cost of borrowings led to the pre-tax reduction.

On the current year they say that activity in every part of the business has so far been at a lower level than 1980-81.

An analysis of operating profits shows: wholesale beer £35.8m (£29.2m) or 74.5 per cent (63.3 per cent) of total; managed public houses and tenancies £9.8m (£11.3m) or 20.4 per cent (24.5 per cent); hotels £0.6m (£2.3m) or 1.2 per cent (5 per cent); wines and spirits £1.4m (£2.8m) or 2.9 per cent (6.1 per cent); other activities £0.5m (£0.5m) or 1 per cent (1.1 per cent).

Profits of the Scottish & Newcastle Beer Co., the beer wholesaling and manufacturing subsidiary, were up by 23 per cent. Volume sales, which were down at midway, had begun to recover in the second half until the Budget, but its effect and the impact of the Tyne strikes led to a volume reduction.

The new Kestrel lager was successfully launched and together with the company's other lager brands, enabled S&N to improve market share. Newcastle Bitter made an encouraging start, the directors add.

The inns division showed a profit fall of 13 per cent and was particularly hit by the strike, most houses being without beer for several weeks.

After much lower tax of £4.1m compared with £10.1m, net profits came out unchanged at £29m, or 10.1p (same) per share, and the dividend is maintained at 4.375p net with an unchanged final payment of 2.875p.

There was an extraordinary debit of £3.3m for the period, and after minority interests, of £0.5m (same), there was an attributable balance of £25.2m (£28.5m), of which the ordinary dividends will again absorb £12.4m.

On a CCA basis pre-tax figure is £21.3m.

The group said later it could not be specific about the cost to profits of its Tyne draymen's strike. But Mr Peter Balfour, chairman, admitted that it had run into seven figures.

The company cut back its workforce — excluding those employed within the newly-acquired hotels—by something over 2,000 to around 25,500; about half of these were part-time.

This year, further cut-backs and closure moves have already been announced involving between 350 and 400 jobs and others may follow. Cost of this programme is reflected in the extraordinary item. Of this, £1.8m related to asset write-offs.

Meanwhile, talks are continuing on possible deals to sell off a number of small uneconomic hotel/pub units. Between 15 and 20 of these could go this year, directors say.

Capital spending last year was £38m—excluding the EMI hotels deal—this year, the figure is likely to be "quite significantly down," the directors state.

But the company says it has no plans to go to its shareholders to raise fresh capital. "We do not intend or have any plans for a rights issue—we do not think there is any need for it," it states.

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Life company bonuses

SEVERAL life companies have announced increases in their terminal bonus rates at the half-year stage, reflecting the benefits of the investment performance of their underlying funds.

Terminal bonuses are paid on life contracts at the time they become claims, either on maturity or at death, and are made in addition to the reversionary bonuses declared at regular intervals during the duration of the policy. They are generally intended to give policyholders the benefits of capital appreciation on investments beyond that already given in the reversionary bonus declarations.

Norwich Union Insurance, one of the largest mutual life companies in the UK, is raising its terminal bonus rate scale on life policies by about 10 per cent. For self-employed and individual pension contracts the scale is being lifted by 13 per cent.

The terminal bonus rate of NU is based on the year of entry of the with-profit contract. The new scale varies from £40 per £1,000 sum assured for entry in 1976 to £2,350 per £1,000 sum assured for a policy taken out in 1931 or earlier.

For a 25 year policy effected by a man aged 29 paying monthly premiums of £10 gross, the maturity payment rises from £9,574 to £9,811 as a result of the latest increase—a rise of 2.5 per cent.

Gresham Life Assurance Society, a member of the Dutch insurance conglomerate NV AMEV, is lifting the terminal bonus rate on its new series whole life endowments and on deferred annuities from 30 per cent to 35 per cent of attaching bonuses. For old series life and endowment the new rate is £1.40 per cent of the sum assured for each year in force up to a maximum of 30 years, compared with £1.20 per cent previously.

For self-employed and executive pension plans, the rate is improved from 15 to 17½ per cent of attaching bonuses.

Marine and General Mutual Life Assurance Society is improving its basic terminal bonus rate on its simple bonus series by 50p to £1.75 per cent of the sum assured for each year in force. The additional 50p bonus for each year up to 1977 remains unchanged.

Scottish Provident Institution is improving the interim bonus rate on its pension contracts. For self-employed and executive plans the rate is lifted 25p to £7 per cent of the basic benefit and attaching bonuses. On the group scheme the bonus is improved from 105 per cent to 112.5 per cent of the guaranteed increments.

SPI is introducing an additional claims bonus on self-employed and executive pension plans varying from 1½ per cent of the basic pension for policies taken out in 1974 to 24 per cent for those taken out in 1959—the earliest year for this class of business.

Blundell-Permoglaze sharply lower midway

PRE-TAX PROFITS of Blundell-Permoglaze Holdings, paintmaker and supplier to the building industry, fell back sharply from £539,717 to £312,907 in the half year to April 30 1980 on sales virtually unchanged at £10.69m, compared with £10.8m.

For the remainder of the year Mr R. L. White, the new chairman, says until industrial activity resumes an upward trend the group's industrial division will continue to have a difficult time and its contribution is unlikely to be significant.

However, he says exports will continue to improve, the group has a very full order book and building paints will certainly hold, and probably improve, its share of the market which will give a firm base to the group's year-end results.

The chairman points out that while it remains difficult to make predictions he expects trading results in the second half to be similar to those of the corresponding period of last year. Taking into account stock relief tax proposals he anticipates an improvement in the after-tax position for the year.

In view of the assessment of the outlook and the continuing strong liquid position of the group the directors have decided to maintain the interim dividend at 1.6p net—last year a final of 3.2p was paid from taxable profits of £1.84m.

The pre-tax surplus for the half year was after depreciation of £245,334 (£212,049) and was subject to tax of £170,000 (£288,000), which does not take stock relief into account.

After half-year preferred dividend payments of £828,000 (same), the attributable balance for ordinary shareholders emerged at £142,079 (£250,889).

Stated earnings per 25p share came through lower at 2.2p, against 3.9p.

The chairman says the continuing recession in the UK had its inevitable effect on the interim results. Exports, however recovered well from last year's low level and exceeded expectations. Industrial paint sales reflected the lack of activity within the industries the group serves "and which show little sign as yet of real recovery."

Building paints, after a slow start, recovered strongly during the last two months of the period when in particular merchants were restocking for the spring trade. In the difficult circumstances, building chemicals could only marginally improve its position from a year ago. The Irish division performed satisfactorily.

Negotiations are expected to be completed within the next few days whereby the group will acquire Federated Paints of Glasgow, from P. and W. Maclellan. Consideration, based on today's net asset value, is expected to be in excess of £500,000 in cash.

The acquisition will provide the group with an opportunity to increase its share of the building paints market in Scotland and also give it manufacturing facilities there.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Finals:—George Bassett, W. Goodkind, Mercury Common Market Trust, Russell Bros. (Paddington), Town and City Properties.

FUTURE DATES

Finals:—

Braithwaite Engineers	July 9
Brown (John)	July 24
Fairdale Textiles	July 7
Hambro Trust	July 28
Highgate and Job	July 10
Intasun Leisure	July 7
Lonnons Group	July 10
Magnet and Southerns	July 14
Radiant Metal Finishing	July 8
Thorn EMI	July 10
Trustees Corp.	July 16
Watson (R. Kelvin)	July 7

No improvement in short-term says BPB Inds.

There is little to indicate any major improvement in the short-term in BPB Industries' main markets in the UK, Mr. F. Geoffrey Flood, the chairman, says in his annual statement.

In Canada, new housing is showing an upward trend and, with the elimination of start-up expenses at the new Calgary plant and the settlement of the labour problems in Toronto, improved results are expected this year. Subsidiary and associated companies elsewhere overseas have had a good start to the current year, but trading conditions in the Benelux countries and Germany are becoming less buoyant.

Current indications give reasonable hope of the group, which makes building materials, being able to at least maintain last year's level of profits of £42.1m (£47.1m). The outlook for the longer term remains excellent, he says.

Meeting, 15-17, Marylebone Road, NW, July 31, at noon.

Thermal Syndicate down to £0.1m but sees improvement

A FALL from £775,000 to £116,000 in pre-tax profits is reported by Thermal Syndicate for the six months to April 30, 1981. Turnover of this manufacturer and fabricator of fused quartz, fused silica and high temperature refractories, was also lower at £6.87m compared with £7.55m.

The directors say that it is still anticipated that the profit for the second half will be more satisfactory than for the first half, although it is not expected that it will equal the profit made in the comparable figure last year.

After tax down from £270,000 to £51,000, attributable profits came out at £65,000 (£505,000). The interim dividend is unchanged at 3p—last year's total was 7p.

BURRELL & CO. MEETINGS

Meetings of shareholders and creditors of Burrell and Co., colour maker, have been convened for August 14, at Central Hall Storeys Gate, London SW1, to place it in liquidation.

Similar meetings of its subsidiary companies, Burrell Colours and Burrell Colours (Stockport) have been convened for August 13, 1981, also at Central Hall.

A Receiver was appointed to all three companies on August 4, 1980.

GREENBANK

Mr John Ridings, a partner at Peat, Marwick, Mitchell and Co's Bradford office, has been appointed receiver and manager of GREENBANK CONSTRUCTION COMPANY, the Bradford based building contractors and house developers.

An assessment of the company's viability is being undertaken.

PILKINGTON BROS.

Pilkington Brothers' German subsidiary Flachglas AG has acquired G. B. Holst BV, glass merchant and processor based in Enschede, Netherlands. The consideration paid was less than 1 per cent of the value of the assets of the Pilkington Group.

BIDS AND DEALS

Berisford 'disappointed' over failed bid

By John Moore

S. AND W. BERISFORD, the commodity trader which failed in its £200m bid to take-over British Sugar Corporation, said yesterday that it was naturally disappointed that its offer had lapsed.

The company says that the position of the Government holding which has been the critical element throughout the 15 months of this bid, is still undecided. It adds that it is now in the unusual position of holding over half the private sector shares in a private sector company, but not having managerial control.

Berisford says it is now for the market to decide the real worth of British Sugar shares, without support from Schroder Wagg. Equally, Berisford shares, will presumably, be no longer subject to strategic selling by British Sugar's advisers.

PHOENIX ASSURANCE

Phoenix Assurance Company directors yesterday allotted 141,007 new ordinary shares at 247.5p each to Century Insurance Trust the trustees of Phoenix Assurance group staff share scheme.

UCM/ARAB ASIAN

Carr Sebag bought 300,000 United City Merchants Ord. shares at 40p for the Arab Asian Group of Bahrain.

SHARE STAKES

Triefus and Co.—Mr R. D. Triefus sold 60,000 ordinary shares on June 17.

Alpine Soft Drinks — Mr Stanley Crew sold 200,000 ordinary shares on June 17, reducing his holding to 866,406 ordinary shares (16.3 per cent). Mr Anthony English sold 50,000 ordinary shares on June 18 reducing his holding to 574,964 ordinary shares (11.2 per cent).

Wilkins and Mitchell—Mr H. R. Wilkins, director, reduced his beneficial interest by 40,000 shares. Miss Rachel Elizabeth Wilkins holds in sole name 218,000 ordinary shares, and jointly with others holds 115,000 ordinary shares making a total of 333,000 (5.18 per cent).

Barker and Dobson Group—Electra Investment Trust now hold 10,172,000 ordinary shares (9.46 per cent).

Eva Industries—Anglo Indonesian Corporation bought 97,140 ordinary shares on May 16 and 15,000 ordinary shares on May 17 bringing total holding to 3,039,306 ordinary shares (32.48 per cent).

Elbar Industrial—Following recent rights issue, Tanks Investments (UK), a wholly owned subsidiary of Tanks Consolidated Investments, now holds 3,378,410 shares (73.89 per cent).

Selecty — Yeoman Investment Trust holds 532,500 shares (3.07 per cent), Carlin Music Corpn holds 400,000 (6.06 per cent), Broadstone Investment Trust holds 475,000 (7.20 per cent). Mr R. J. Woolacott, managing director, has transferred a total of 54,000 shares to his three adult children and his mother. He has also transferred 45,000 shares to his wife, Mrs M. E. Woolacott, which will continue to be expressed as part of his beneficial holding, which is now 573,000 shares (8.68 per cent).

Drayton Premier Investment Trust — The London and Manchester Assurance Co has sold £31,000 3.5 per cent cum pref stock and £86,740 3.5 per cent cum pref stock. This reduces its holdings to £89,000 3.5 per cent (5 per cent) cum pref stock and £195,260 3.5 per cent cum pref stock which together comprise 13.49 per cent of the pref stock of this company.

Cosalt — Chairman Mr J. M. T. Ross now holds 35,000 shares.

rayton Commercial Investment Co — The London and Manchester Assurance Co has sold £40,625 2.6 per cent cum pref tock, holding now £184,375 cum pref stock which represents 12.74 per cent.

Cardiff Property Company—Mr B. A. Brownhill has sold 80,000 ordinary shares.

Canadian and Foreign Investment Trust—London and Manchester Assurance Company Securities has sold 100,000 ordinary shares (1.5 per cent) and now holds 304,500 ordinary shares (4.6 per cent).

Drayton Consolidated Trust—The trustees of the NCB staff superannuation scheme and the mineworkers' pension scheme together hold 2,089,623 ordinary shares (6.35 per cent).

Lincroft Kilgour suspended on talks of substantial sale

THE SHARES of Lincroft Kilgour, the cloth merchanting and menswear manufacturing group, were suspended yesterday pending the outcome of negotiations on the sale of a substantial part of the group.

Mr David Holland, the chairman, said the discussions which began three weeks ago were now "delicately poised." He hoped to make a final announcement in about two weeks but stressed that the group would continue to trade even if the disposal was completed.

Lincroft Kilgour reported a pre-tax loss of £425,000 for the year ended September 30 1980 compared with a £435,000 profit the previous year. At the annual meeting in March this year the chairman told shareholders that steps to reduce costs were expected to lead to return to profitability in the current year.

In the light of no dramatic fall in interest rates, Mr Holland informed shareholders of his desire to reduce bank borrowings by destocking and disposing of those of its manufacturing interests which were most susceptible to import penetrations.

Lincroft Kilgour has recently disposed of its mail-order business, Harrison-Gloucester and plans to sell its two Leeds menswear manufacturing units. The group maintains a small presence in the menswear business through one utility suit factory, a shirt making business and the bespoke tailors, Kilgour French and Stanbury. Cloth merchanting now accounts for about three-quarters of its sales and more than half group sales are overseas.

The company's shares have doubled since the announcement of its preliminary results this January. At yesterday's suspension price of 34p the company is capitalised at £1.62m. The shares stand at 56 per cent discount to net assets per share.

News International raises Collins offer

NEWS INTERNATIONAL last night increased its offer for the "A" non-voting shares of William Collins, the Glasgow publisher, from 150p to 163p per share. This compares with the closing price yesterday of 167p, up 12p.

Late last week News increased its bid for the ordinary voting shares from 200p to 225p following the purchase of a 9.4 per cent stake from Perganon Press. The offer for the "A" shares was left unchanged.

News, which earlier this week had its bid cleared by the Monopolies and Mergers Commission, announced its deal with Mr Maxwell's Pergamon and the increased offer for the ordinary shares following a meeting at which a dispute was settled over the printing of the Sunday Times colour magazine.

It was also agreed to merge Eric Bemrose, a News subsidiary, into a new BPC subsidiary.

Collins, which has bitterly opposed the bid, suggested that the shares held by Pergamon Press had been sold "in conjunction with the resolution of an unrelated dispute" between News and BPC and was also critical of the absence of an increased offer for the "A" shares.

The Takeover Panel has been looking into the circumstances surrounding the sale of the Collins shares by Mr Maxwell and also the disparity in the offers between the ordinary and "A" non voting offers.

News announced yesterday that it held or had acceptances of its offers in respect of a total of 42.56 per cent (1,753,417 ordinary shares) and 12.34 per cent (1,194,147 "A" shares). The revised offers are being extended to July 17. The formal offer is to be despatched shortly.

Pearson Longman sets up films and TV company

Pearson Longman, the publishing group whose interests include the Financial Times, is setting up a new company to consolidate and expand its interests in films, television and video.

Mr James Lee, chief executive of Pearson Longman, will be the chairman of the new company, called Goldcrest Films and Television.

Mr Lee said the group saw the video area and specialist international publishing as the two main growth areas for the company. He said that by 1985 between 20 and 25 per cent of the capital employed in the group would be in the visual media.

Pearson Longman will transfer its 40 per cent stake in Goldcrest Films International, the feature film company owned by leading financial institutions, including the National Coal Board Pensions Fund, to the new company. In addition, Pearson Longman will transfer its newly acquired 25 per cent shareholding in Yorkshire Television to the new company. Together the two stakes are currently valued at £5.25m.

In addition a company will be set with an intial capital of £5m to produce programmes for international television and film markets. Pearson Longman hopes to attract institutional funds to invest money which this company can in turn use to finance these productions.

In time Pearson Longman hopes to give further information on the people and work of the new company in September. In addition to Mr David Puttnam, the independent film producer behind "Chariots of Fire," Goldcrest Films International chief success to date, other people of similar calibre are expected to join.

More details on the type of projects the company will undertake and a list of institutions willing to invest in these are also likely to be announced.

Pearson Longman said it has purchased its stake in Yorkshire Television "at a low cost." No goodwill was paid and half the price, around £1m, will not be paid until January 1983.

Mr Lee said "the price we have to pay for Yorkshire Television fully reflects the difficult period immediately facing the commercial television industry. We know that more funds will be required to carry us through the rough patch that lies ahead, but we are fully satisfied that the investment will give an excellent return over the life of the franchise." The new franchise period ends in 1989.

National Westminster merging German banks

National Westminster Bank is merging its two German banking operations into a single unit, which will be renamed Deutsche Westminster Bank. The new bank will be headquartered in Frankfurt, Germany's financial capital, and be operational early next year.

The core of the new bank will be Global Bank AG. National Westminster bought a 74.2 per cent stake in the bank in October 1977 and bought out the minority last September.

In October 1979 National Westminster hired Georg J. Meidenbauer away from Sal Oppenheim Jr and Cie, to be chairman of the managing board and restructure the bank's operations.

In common with many domestic German banks, National Westminster has found it difficult to make profits in the German banking market during the past year. Mr Eric Carter, deputy group chief executive (International) said yesterday that Global broke even last year and International Westminster Bank's (IWB) Frankfurt branch had made a small profit.

As part of the reorganisation Global's Cologne head office may be merged with the Duesseldorf branch and there will be some reduction in staff numbers.

However, the new bank is considering opening in Stuttgart, and the restructuring is seen as an "important stage in the development of our European strategy."

National Westminster is at present represented in Germany through the Frankfurt branch of IWB and Global which has branches in Dusseldorf, Hamburg and Munich. IWB's Frankfurt branch has assets of DM 700m (£152m) and staff of 40. Global employs 200 staff and has assets of DM 1100m (£239m).

Herr Meidenbauer will be chairman of the Vorstand of Deutsche Westminster Bank AG and the other members will be Sydney Haywood, from National Westminster in London, and George A. W. Delicat, manager of IWB's Frankfurt branch. The two other members of the Global managing board have resigned.

The new bank will have branches in Dusseldorf/Cologne, Frankfurt, Hamburg and Munich.

Amalgamated Distilled

THE SHARES of Amalgamated Distilled Products were suspended on the Stock Exchange yesterday at 86p, capitalising the distilling and bottling company at £6.5m.

In the year ended March 31, 1980, the group earned £137,000 pre-tax profits on £9.8m turnover, compared with £113,000 profits on £13.7m turnover in the previous year.

At the half-way stage in September, the company earned pre-tax profits of £116,000 (£109,000) on sales of £4.3m (£4.6m). The company paid an unchanged interim dividend of 0.5p, following a 0.5p final at the end of the previous financial year.

The directors control 3.6 per cent of the equity of the company. Industrial and Commercial Finance Corporation holds 12.4 per cent and Barclays Nominees, for M and G Group, holds 9 per cent. Two directors, Mr James Gulliver and Mr Matthew Grant, are directors of Gullivers Vintners, which owns 10 per cent of Amalgamated.

Thomas Tilling's $3m mineral deal in U.S.

Thomas Tilling Group is extending its minerals and aggregates interests by the acquisition of the quarry, coating plants and associated physical assets of M. A. Gamming Construction Inc., Providence, Rhode Island, for a cash consideration of $3m.

Tilling's present interests in this industry in the U.S. are operated through Tilcon Inc., which will be responsible for management of this acquisition.

Haden expands in W. Germany

Haden Drysys International, the industrial finishing division of Haden, is acquiring the West German industrial finishing and air conditioning business of Aerotechnik Hahn-Lehre-Sigler and Co. of Wendlingen, near Stuttgart. The consideration will be around £250,000 in cash, being the net asset value of the acquired company.

The acquisition will be used as a base for expansion of the Haden group's industrial finishing business in West Germany. Haden Drysys has long been active in Belgium, France and Spain.

LAGANVALE LETTING COMPLETED

Laganvale has completed the letting of its prime shopping space in Mitre House, Brighton, for a rent of £47,500 per annum. This rent is considerably higher than was anticipated at the time the company negotiated the surrender of the sub-lease in April, 1981, for a payment of £370,000.

It has the effect of greatly increasing the capital value of the company's prime asset as the above letting is for less than one-third of the Mitre House shops with rent reviews due on most of the remainder over the next four years.

Since the acquisition of Strongmead in April, 1981, the company has completed the sale of properties for a total of £682,000 against a book value of £560,000. This has enabled it to repay its borrowings. In addition, sales totalling £183,000 are contracted and due to be completed and a further £375,000 have been agreed.

GUY BUTLER INT.

Guy Butler (International), foreign exchange and currency deposit broking subsidiary of the Butler Group, has sold Guy Butler Italia to a new company, Technocambi Intermediazione. Alessandro Cocuccioni, general manager of Guy Butler Italia, is to head the new company with whom Guy Butler International will have a close trading relationship.

BABCOCK INTL.

Babcock International has agreed with the Region Wallonne in Belgium and the labour unions concerned to form a new company to take over that part of the business of SA Babcock Belgium NV engaged in the performance of maintenance and general mechanical construction contracts. Babcock International will hold 25 per cent of the equity capital of the new company.

SA Babcock Belgium NV has been placed in voluntary liquidation. The amounts concerned are not material in the context of the Babcock International group.

FIFE PURCHASE

Fife Forge has paid £193,000 for the Simplon range of mobile floodlighting systems.

The assets acquired include patent and design rights, trade names, stocks and work-in-progress, fixed assets and current order book. The Simplon range will expand the activities of Fife's subsidiary L. E. F. Bishop of Glasgow.

GESTETNER/ALVAN

Gestetner Holdings has acquired Alvan Consultants for a consideration, determined by the net asset value of Alvan as at June 30. It is anticipated that the total consideration will not be less than £75,000, and is to be satisfied by the allotment of new "A" ordinary shares in Gestetner.

SECOND CITY PROPS.

Control Securities now holds 10.84 per cent of Second City Properties' total issued share capital and Labofund AG now holds 7.16 per cent, bringing the combined holding of the two companies to 18 per cent.

GOLD FIELDS IND.

A/S Bjolvefossen and A/S Hafslund have purchased from Gold Fields Industrial the shares in Tennant Metallurgical, including its interest in Tennant Nordic Alloys, and Logan and Allan.

AMATIL

Amatil, an associate of B.A.T. Industries, has sold 50 per cent of its shareholding in its wholly-owned subsidiary Propafilm (Australia) Pty to ICI Australia Investments Pty.

BOWATER

Bowater Corporation announces that contracts have been entered into for the sale of its cotton and other fibres and rubber trading interests, to Cargill, of Minneapolis, U.S.

Bowater Freight Services, a subsidiary of the Corporation, has agreed in principle, to acquire TKM Forwarding Group, a wholly-owned company of Tozer Kemsley and Millbourn.

SUMRIE CLOTHES

Mr Harvey Michael Ross of Harvey Michael Investments has sold 123,000 shares. This leaves a holding of 494,500 shares (19.78 per cent of the capital).

ASSOCIATES DEAL

J. Henry Schroder, Wagg has sold 75,000 ordinary shares of S. and W. Berisford at 131p on behalf of associates.

UBM to buy 51% stake in Neiman-Reed of U.S.

UBM GROUP, the builders' merchant, is to acquire a 51 per cent stake in Neiman-Reed Lumber and Supply of California, U.S., for $8.4m (£4.4m), and has made arrangements which will enable it to acquire the outstanding 49 per cent of the company in 1986 at a price depending on Neiman-Reed's performance at that date.

The consideration is to be satisfied by the issue of $8.4m UBM Group 9 per cent promissory notes, redeemable at par by the vendors one year after completion of the deal, which is expected to take place around the end of July.

The net asset value of the 51 per cent stake in Neiman-Reed at February 28 this year was $2.8m, and pre-tax profits attributable to that portion of the company for the year to end-February were $687,000.

Approximately 90 per cent of Neiman-Reed's total $46m annual turnover is attributable to retail sales of home and garden improvement products, with the remainder coming from wholesale sales of softwood lumber to industrial users in southern California.

The UBM directors yesterday said they expected "considerable benefits" to accrue from the acquisition, which would also give a suitable base for further expansion in the U.S.

TOOTAL EXPANDS INTERLININGS SIDE

Tootal said it is to acquire certain parts of the Trubenised Group's textile interlinings business, for under £500,000.

The proposed purchase will add substantially to Tootal's share of the UK interlinings market, the company said. When this partial acquisition is finalised, Tootal's existing business—Tootal Bondmor—will be merged with the Trubenised interlinings activity under the name "Tootal Trubenised." The enlarged business will be aligned to the Tootal group bleaching, dyeing, finishing and coating operations.

HOLLIS BROS DISPOSAL

Hollis Brothers and ESA has sold to Sandell Perkins of Maidstone, Kent, the freehold and leasehold premises, stocks and sundry plant used by T. W. Smith and Sons (Timber) and T. W. Smith and Sons (Cheltenham) two subsidiary companies within the Hollis timber division.

The value of assets being disposed of is estimated at £740,000 and the consideration which is expected to be in order of £750,000 is payable as to half on completion and the balance after agreement has been reached on valuation of the stocks.

FINE ART/EARLY LEARNING

Fine Art Developments, the greeting card group, has acquired a majority holding, with option to purchase the balance, in the Swindon-based company, Early Learning.

Early Learning specialises in learning products for children up to the age of 12. In five years since it was founded turnover has risen from £64,000 to nearly £3m.

LONDON TRADED OPTIONS

July 2 Total Contracts 1547 Calls 1447 Puts 100

		July		Oct.		Jan.		
Option	Ex'rcise price	Closing offer	Vol.	Closing offer	Vol.	Closing offer	Vol.	Equity close
BP (c)	320	5	11	21	1	30	1	316p
BP (c)	350	1½	50	11	—	19	54	"
CU (c)	140	36	22	41	10	43	10	170p
CU (c)	160	16	80	24	42	29	—	"
CU (c)	180	7	189	13	68	19	6	"
Cons. Gld (c)	420	28	24	47	3	62	—	438p
Cons. Gld (c)	460	8	10	27	—	40	—	"
Cons. Gld (c)	500	1½	—	16	9	23	10	"
Cons. Gld (c)	550	1	—	7	2	12	—	"
Court'lds (c)	60	7	10	12	—	16½	-	66p
Court'lds (c)	70	1½	10	7	10	11	—	"
Court'lds (c)	80	½	—	3	—	5½	50	"
GEC (c)	650	97	3	112	2	135	—	743p
GEC (c)	700	47	49	70	65	97	—	"
GEC (c)	750	15	95	40	3	62	3	"
Gr'd Met. (c)	180	41	1	45	5	52	—	219p
Gr'd Met. (c)	200	21	64	29	5	37	—	"
Gr'd Met. (c)	220	4	2	16	2	24	2	"
ICI (c)	240	42	4	52	—	—	—	278p
ICI (c)	260	22	1	36	—	46	4	"
ICI (c)	280	8	5	24	—	34	—	"
ICI (c)	300	3	2	13	—	22	—	"
Land Sec. (c)	390	23	1	41	—	53	—	410p
Land Sec. (c)	420	5	5	22	—	35	—	"
Mks & Sp (c)	130	2	—	10	40	16	—	125p
Shell (c)	330	38	25	48	—	64	—	364p
Shell (c)	360	12	16	27	19	46	41	"
Shell (c)	390	3	—	14	3	32	10	"
Shell (c)	420	1½	—	8	1	22	—	"
Shell (p)	360	5	77	18	—	20	—	"
		August		November		February		
Barclays (c)	390	53	—	60	2	75	—	438p
Barclays (c)	420	25	2	40	—	55	—	"
Barclays (c)	460	7	2	20	3	32	—	"
Imperial (c)	80	1	—	2½	—	5	1	71p
Lasmo (c)	600	17	2	37	1	64	2	547p
Lonrho (c)	100	2½	—	5½	56	9	3	94p
Lonrho (c)	110	1	10	3	25	—	—	"
P & O (c)	130	3½	—	10	4	13	—	124p
P & O (c)	140	1½	—	4	—	7½	1	"
Racal (c)	390	37	2	65	1	70	—	422p
Racal (c)	420	17	—	35	1	49	1	"
Racal (p)	390	7	1	11	—	14	—	"
Racal (p)	420	16	22	21	—	26	—	"
RTZ (c)	390	157	—	165	4	—	—	541p
RTZ (c)	460	87	4	105	—	120	—	"
RTZ (c)	500	50	49	70	15	90	—	"
RTZ (c)	550	25	74	52	50	65	1	"

C=Call P=Put

Toyota casts more doubt on Ford production deal

BY RICHARD C. HANSON IN TOKYO

TOYOTA MOTOR yesterday cast further doubt on the prospects of agreeing with Ford Motor on joint production in the U.S.

Mr Eiji Toyoda, president of Toyota Motor, said that Ford has indicated that the vehicle being proposed for joint production is unacceptable. The two sides earlier agreed in principle that they would build a cabover-type panel truck.

Toyota said that, while it has no plans to propose another model, Ford may suggest an alternative in further discussions.

The Japanese company said the latest snag does not mean an end to negotiations. It appears, however, that discussions are rapidly approaching a stalemate.

Japanese enthusiasm for the project, under discussion for over a year, dimmed considerably last week when Saudi Arabia warned that a Toyota-Ford joint venture could lead to a boycott by Arab countries of Toyota products. Ford is on the Arab blacklist because it assembles cars in Israel.

Saudi Arabia imported 128,000 Toyota vehicles last year, making it the second largest national market after the U.S.

Ian Hargreaves adds from New York: Ford said it expected to hold further talks with Toyota towards the end of July to try to find a basis for co-operating on the production of a car.

"As far as we are concerned, we are planning talks about a car," the company said.

Ford said the idea of jointly producing a Toyota-designed small parcel truck in the U.S. had foundered because Ford decided the market for such a vehicle, which would have been unique in the U.S. market, is not large enough to guarantee adequate profit margins.

But Ford said it is still interested in using a Toyota design to plug a gap in its car model range. The likeliest choice for such a venture would be a car in the compact size range, since Ford's own plans provide it with adequate product in the subcompact size range.

As for the Japanese suggestion that Ford might be interested in licensing Toyota technology rather than establishing a 50-50 joint venture, Ford said the subject had not so far been broached.

Ford is unwilling to suggest a timetable for future developments in its relationship with Toyota, but it seems unlikely that the deal can be completed as originally hoped during this summer.

Kuwait to let foreigners borrow dinars

By Our Foreign Staff

KUWAIT is planning to "reactivate" its dinar capital market for foreign borrowers, Mr Youssef Abdul-Latif al Hamad, *recently appointed* Finance Minister, said in London earlier this week.

Asked about a recent facility arranged for the National Bank of Yugoslavia, which was arranged partly in Kuwaiti dinars, he said: "Medium and long-term lending on the Kuwaiti market for foreign borrowers is now being resumed on an active basis. This will be applicable to Kuwaiti dinars as long-term credits."

Mr Hamad talked of a policy aimed at further strengthening Arab banks in international capital markets—in particular, the Kuwait Investment Company.

Merck sees satisfactory sales development

BY JOHN WICKS IN ZURICH

PROFITS OF Merck, the German chemical and pharmaceutical company, should this year be no lower than the DM 23.5m ($9.84m) booked for 1980.

This was stated in Zurich yesterday by Dr Hans Joachim Langmann, managing partner of the family-owned company, who said turnover should develop "quite satisfactorily" in 1981 despite "certain misgivings" with regard to the second half of the year.

In the first five months, parent-company sales improved by 9.2 per cent due primarily to a 15 per cent increase in exports. Turnover of the Merck group worldwide went up by 28 per cent said Dr Langmann.

In 1980, consolidated group turnover improved by 12.9 per cent to DM 1.99bn, of which DM 979.8m was accounted for by chemicals, DM 840.6m by pharmaceuticals and DM 138.5m by agrochemicals.

Above-average *growth was* achieved by the foreign activities. Sales of the non-German group controlled by Merck's Swiss holding *increased within* the overal total by 21.1 per cent to SwFr 894m.

Group investment reached a record DM 168.3m in 1980, but the level of capital spending will fall in the current year following completion of various major projects abroad. Capital expenditure on the part of the parent company will increase as a result of environmental requirements.

In the coming years, the non-German share of group activities should continue to increase.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Monday July 13. Closing prices on July 2

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Marui 6 96	7/81	931	105½	106½	+2½	1.63
Matsushita El. 7½ 95	11/80	590	98	99	−0¼	−1.21
NKK 6½ 95	7/81	198	113½	114½	−0¼	23.63
Ricoh 6¾ 95	8/80	604	152¼	154	+0¼	−1.47
Sumitomo M. Ind. 7 95	2/81	181	142½	144	+3	2.43
Swiss Bk. Con. 6¾ 90	9/80	200	74½	76½	−0½	29.13
Taylor Woodrow 8¾ 90	1/81	4.84	92¾	93⅞	+0¼	4.79
Transco Int. 8¾ 95	2/81	68	†78	80½	−0¼	41.30
Tricorp 8½ 95	12/80	31.25	†79	80½	−0¼	13.28
Union Bk. Switz. 5 89	2/80	70.79	74	76	−0½	5.58
Fujitsu 5 84 DM	7/79	431.5	205½	206½	+1¼	−2.13
Sharp Con. 6½ 88 DM	9/80	995	196½	197½	+3½	−2.00
Uny Co. 6½ 85 DM	11/79	879.3	116½	117½	+0¼	−1.34

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Downturn in earnings at Kaufman and Broad

By Our Financial Staff

KAUFMAN and Broad, the Los Angeles based housebuilder, believes it will "still be difficult to match" the earnings of $1.99 a share achieved in fiscal 1980.

The directors said that "with average mortgage interest rates nationally nearing 17 per cent in May, chances fo ra second half onsite housing turnaround are virtually eliminated."

The company yesterday reported second quarter earnings of $3.05m, or 24 cents per share before a tax credit and $4.15m, or 33 cents after, down from £4.89m, or 40 cents and $5.49m, or 45 cents, respectively a year earlier. For the first half of this year earnings were 50 cents per share, down from 68 cents a year before, the tax credits, and net earnings were 66 cents down from 79 cents.

The company attributed the decline in second quarter earnings partly to lower investment gains by its insurance operations, as well as the impact of "adverse death claims." It said housing earnings were higher for the period.

The board disclosed that it had decided to stop home building operations in Toronto, because of continued market weakness there.

It is "trimming down operations by building out its remaining homes in production and concentrating its efforts on the management of its sizeable land assets and land development business."

Also, because of deteriorating conditions in the savings and loan industry, it is making "an even closer evaluation" of its investment in Biscayne Federal Savings and Loan Association.

The company did not exercise an option to acquire another 157,500 Biscayne shares but has reached agreement for an extension of the option's expiration date to December 15.

Kaufman and Broad now has a 25 per cent interest in Biscayne Federal and if it exercises the option its interest will rise to 33 per cent.

MGM Grand Hotels expects flat quarter

By Our Financial Staff

MGM GRAND HOTELS expects earnings for the earnings for the fourth quarter ending August 31 to be flat, after a gain from business interruption insurance, Mr Alvin Benedict, president, said yesterday in New York.

The company recently reported third quarter earnings of 23 cents a share, down from 24 cents a year earlier. In last year's fourth quarter it earned 28 cents a share.

MGM Grand has been collecting business interruption insurance because of the fire that shut its Las Vegas hotel *last November. The hotel is* expected to reopen July 30.

As soon as an addition to the hotel is opened in September, the board will review the company's proposed construction of an 1,100 room hotel-casino in Atlantic City.

Mr Benninger said "when the time arrives to start construction, we will have to seek outside financing for our $200m project."

If all legal requirements were met, MGM Grand would start construction immediately on the two casinos in Massachusetts it plans to develop with privately-held Greylock Associates.

Mr Benninger said the two projects together would cost $100m-$120m which would be financed largely from internally generated funds, with the remainder coming from bank loans.

Start-up costs hit Savin in final period

By Our Financial Staff

SAVIN, THE U.S. developer and marketer of office copying machines, said that higher start-up costs for new manufacturering facilities and subsidies were largely responsible for the plunge into losses of $3.37m for the fourth quarter to April 30 compared with $5.60m profit for the same period last year.

The company said that the final quarter loss was 58 cents a share compared with a profit of 86 cents last year and a loss of 52 cents a share for the year against a profit of $4.35.

The net loss for the year was $2.21m compared to a *profit* of $28.2m last year. Revenues for the final quarter advanced by 11 per cent to $125.1m from $112.3m and for the whole year rose by 18 per cent to $443.7m against $374.3m. The net profit for the 1980 fiscal year included income of $5.9m or 91 cents a share relating to revisions of certain licensing agreements.

Brazil's banking enigma

William Hall looks at the uniquely varied roles of Banco do Brasil

TEN YEARS AGO Banco do Brasil was a quarter of the size of Bank of America, the largest bank in the world. Today, it *is half the size, and 10 years* from now it could well be larger, if it maintains its growth rate of the last decade.

Banco do Brasil is something of an enigma in the international banking community. More conservative bankers frown on the lavist receptions which accompany the frequent opening of new overseas offices, and regard it as a pushy lightweight when it comes to international banking.

However, there is another side to the Banco do Brasil. Founded in 1808, it was one of the first central banks in the world and by far the biggest bank from the developing countries. Most important, it is one of the most profitable banks in the world. According to The Banker, only Barclays made more money last year.

Banco do Brasil does not fit into any easy category. It used to be Brazil's central bank but most of its responsibilities on this score were passed to the Banco Central do Brasil several decades ago.

Although more than 40 per cent of its capital is now held by private investors—the balance by the Brazilian treasury—Banco do Brasil is still very close to the Government, and both the chairman, Dr. Oswaldo Colin, and the director of the Foreign Trade Department, Benedicto Moreira, are appointed by Brazil's president.

It still acts as financial agent for the Federal Government and the central bank. It collects the taxes and Federal revenues, services the national debt for the national treasury and acts as sole depositary of the excess funds of the financial system.

These responsibilities help explain the bank's impressive profitability and growth record. Dr. Colin admits that "at least 25 per cent of our deposits are interest free from the Government. n the other hand, Dr. Colin underlines that the bank has to undertake work for which there is little reward.

The bank provides Brazil's only cheque clearing service, it acts as both a local development bank and a foreign trade bank. *In many respects, its acts* like a commercial bank, but it does not actively seek retail banking customers and does not engage in domestic investment banking.

THE GROWTH OF BANCO DO BRASIL

	Assets $bn	Exchange rate per $
1970	7.9	4.95
1971	9.9	5.64
1972	11.3	6.21
1973	16.6	6.22
1974	23.2	7.43
1975	29.2	9.07
1976	38.9	12.34
1977	46.7	16.05
1978	49.1	20.92
1979	49.2	42.53
1980	52.5	65.50

The one area where Banco do Brasil differs from many of its international competitors is in its commitment to the agricultural *sector.* The domestic banks in Brazil often voice their jealousy of the Banco do Brasil's privileged position in the Brazilian financial system, but it also has to commit a substantial proportion of its funds to supporting small farmers on unprofitable business.

Nearly half the bank's loans are to the agricultural sector and it accounts for three-quarters of the total financing of Brazil's underdeveloped rural sector. In adition to subsidisngi farm lending, the bank also has to support farm prices by buying up production on behalf of the national treasury. It owns mills and operates a distribution system to fulfil this role.

In order to help the large number of hamlets without banking facilities—Brazil has fewer than 10,000 bank branches for a population of 115m—Banco do Brazil has embarked on a crash programme of establishing "advance outposts of rural credit." Over the past three years, the bank has opened 600 such outposts and in the next year expects to open another 400.

At the same time, the bank is pursuing an aggressive policy *of conventional bank branch ex*pansion. This year, Dr Colin says that the bank will open another 130 branches—an increase of 10 per cent. Another indication of the scale of the bank's physical expansion is the fact that over the last decade its workforce has more than doubled to some 100,000.

While many international bankers are ignorant of the bank's rapid domestic expansion, they cannot fail to have noticed the inroads the bank has *made in overseas markets.*

Ten years ago, it had only a handful of overseas offices and relied heavily on correspondent banks. During the past decade, the bank has built up a network of more than 60 foreign branches agencies and representative offices plus a growing string of affiliates.

According to Dr Colin, international business now accounts for a third of the group's $52.5bn assets and a quarter of profits. And while other banks may be slowing the pace of their international expansion, Banco do Brasil is increasing it, if anything.

It plans to increase its overseas office network by another 50 per cent in the next few years. In Africa, for example, Banco do Brasil intends to open 11 reprsentative offices over the next year. There are close historical and sociological relationships between Africa and Latin America and Banco do Brasil is anxious to *capitalise on these* links.

It plans to set up a joint venture bank in Brazil with Iraq which supplies the greater part of the country's oil. In South East Asia, the bank has made little mark, so far but this will soon change. The bank has set up a special team to investigate opportunities and Banco do Brasil's logo can soon be expected to appear.

Dr Colin admits that his bank *is slowing down its foreign* branch expansion and concentrating increasingly on representative offices. But this has more to do with problems of banking reciprocity than anything else.

The scale of Banco do Brasil's growth over the past few years has been disguised to some extent by the rapid depreciation of the Cruzeiro. With inflation running at more than 100 per cent, the currency dropped by more than 50 per cent *against the dollar.*

This would have played havoc with the capital ratios and overseas ambitions of most commercial banks, but in the case of Banco do Brasil, it has caused no more than a temporary hiccup. Ten years from now, the bank is likely to be standing among the top handful of banks in the world.

Northwest Energy launches $50m bond

BY FRANCIS GHILÈS

A $50M 15-YEAR convertible Eurobond for Northwest Energy Company, the U.S. group which has overall responsibility for the Alaskan Highway Pipeline project was launched last night, through Goldman Sachs. The indicated half-yearly coupon is 9 per cent and the conversion premium expected to be set between 17 and 20 per cent.

Fixed interest dollar Eurobonds closed about ½ points weaker yesterday after the weaker trend in the New York market while Eurodeposit rates continued to climb. The six-month Eurodollar rate gained ⅛ per cent to close at 17⅞ per cent. D-Mark foreign bond prices lost ½ points yesterday although older issues held up better. Bankers in Frankfurt noted that money reflows from coupon payments helped to hold prices but the amount of these funds reinvested in bonds was smaller than usual.

Swiss Franc bonds gained ¼ point yesterday, thus confirming the trend which has been visible in this sector of the market all week.

Société Nationale des Chemins de Fer Francais (SNCF) is expected to tap the Swiss capital market for SwFr 100m bond issue through Soditic, later this month.

Seiyu Stores, the Japanese company, meanwhile is arranging a £15m 15-year convertible "bulldog" issue through Kleinwort Benson. The coupon for this domestic sterling issue is expected to be between 6-8 per cent. The issue is being arranged in the form of a private placement.

VW finance chief warns of Japanese 'time bomb'

BY STEWART FLEMING IN FRANKFURT

HERR FRIEDRICH THOMEE, chief financial officer of Volkswagen, yesterday described current Japanese car export policy as a "time bomb" in the world motor industry.

Speaking at VW's annual meeting yesterday, he said: "The question is, for how long can we permit the European, and in particular the German, markets to be swamped with Japanese cars?"

Herr Thomee's sharply worded remarks followed only a few weeks after the announcement of an "understanding" between the German and Japanese Governments over the growth of Japanese car exports to West Germany.

The criticism is particularly noteworthy coming from a company which last year concluded a co-operation agreement with a major Japanese manufacturer, Nissan Motor, under which one of its models will be built in Japan. It will be interpreted as evidence that VW does not find the new situation wholly reassuring.

The German motor industry has been faced with a doubling of the Japanese share of its home market to more than 10 per cent in the past year. During this time, weakening demand and shifts of consumer preference towards smaller cars have put pressure on profitability.

VW warned yesterday that 1981 promises to be a difficult year for the company, whose profits were halved in 1980 to DM 321m ($134m), partly as a result of losses in the important Brazilian and U.S. subsidiaries.

Continuing weakness in the West German and Brazilian markets were cited yesterday as helping to explain the 4 per cent decline in VW's deliveries in the first six months of this year. The company warned that factory sales in 1981 are not expected to reach last year's levels.

In the first quarter of 1981, VW's profits slumped from DM 128m to DM 43m and the company is making it clear profits are still under heavy pressure.

It is against this background that VW is planning a DM 13bn ($5.4bn) capital investment programme over the next two years in order to strengthen the company over the long term.

The spending plan fits in with the clear policy of other German car manufacturers to try to improve their productivity through heavy capital investment programmes, in the face of weak profits and high interest rates.

VW said that it expected about three-quarters of its planned capital investment to be funded from internal sources, but that in addition, the company has strong liquid reserves and little outstanding long-term debt. Herr Thomee hinted, however, that an improvement in the company's share price could lead VW to carry out a rights issue to shareholders, though this might not occur before 1983.

Meanwhile, the company has abandoned plans to build a plant in Egypt aimed at producing 10,000 of its "beetles" model a year.

● Dresdner Bank plans to establish a subsidiary bank in Canada. It will be known as Dresdner Bank Canada and will have its headquarters in Toronto and a branch in Calgary. Initial capital will be C$25m (U.S.$20m).

Dresdner expects the Canadian Government to grant a licence for the new bank soon so that it can open for business this year.

Steyr-Daimler cuts dividend

BY PAUL LENDVAI IN VIENNA

LOWER profits and a reduced dividend for 1980 are announced by Steyr-Daimler-Puch, the Austrian motor and armaments group.

Net profits have fallen to Sch 131.2m ($7.7m) from Sch 142.6m largely as a result of the cancellation of a contract to deliver tanks to Chile.

The lost contract, which resulted from the refusal of the Austrian Government to grant an export permit, cost Steyr around Sch 2.5bn in lost turnover.

The dividend is being cut by an effective one point to 8 per cent.

The cancelled Chilean contract centred on the light, Kuerassier tank. Instead of a projected 20 per cent turnover increase, sales were up by only 3.3 per cent to Sch 13.7bn. Exports accounted for 61 per cent of the total.

This year sales should rise by 20 per cent, partly as a result of an order for Kuerassier tanks placed by Argentina worth Sch 38bn. This order has been approved by the Government.

The company made it clear that the long-term viability and existence of Steyr depended on the arms exports, which account for between 15 and 25 per cent of total sales. The company currently has a labour force of slightly under 19,000 and is controlled by Creditanstalt Bankverein.

Steyr said that more than half of the 6,000 lorries manufactured were produced abroad, in Greece and Nigeria. The production of mopeds in Spain reached 50,000 units last year. Another moped plant will eventually go on stream in Taiwan.

The commercial vehicles and farm machinery side, which accounts for 48 per cent of turnover, saw sales rise by 25 per cent last year while two-wheel and cross country vehicle sales grew by 15 per cent.

Ball bearings and other products, which includes light tanks and their components, reported a fall of 31 per cent.

Losses to continue at Fiat despite improved results

BY RUPERT CORNWELL IN TURIN

Sig Giovanni Agnelli, chairman of Fiat

FIAT, the car manufacturer and Italy's biggest private sector company, is expecting a major improvement in operating results this year after losses in 1980 which reached L240bn ($200m).

Sig Giovanni Agnelli, the Fiat chairman, indicated at yesterday's annual meeting that both the car division—which incurred a L130bn loss last year—and the steel sector would continue to run at a loss, as would the group as a whole.

But both Fiat's heavy vehicle subsidiary, Iveco, and Fiat-Allis, its earth-moving equipment offshoot, were likely to return to profit. At the same time, losses by Fiat Auto, the car division, were likely to be considerably reduced by the restructuring and productivity increases achieved in the wake of last autumn's five-week strike.

Sig Agnelli, moreover, was confident that the fortunes of Fiat Auto would show a sharp improvement as soon as the world car market returned to normal.

A pointer to the healthier trend is the financial surplus of L26bn reported for the first three months of 1981 by Fiat SpA, the group's holding company, compared with L51bn for the whole of last year.

According to Sig Agnelli, group sales are expected to rise by 25 per cent this year to L22,700bn ($19bn) from the L18,100bn of 1980. Capital spending is scheduled to rise to L1,263bn from L960bn in the previous year.

The Fiat chairman also predicted that the group debt, which in 1980 jumped from L5,600bn to L7,200bn, would grow no further in the current 12 months — despite the strength of the dollar and the consequent increase in borrowings denominated in foreign currencies, which have risen by L300bn in the first half of 1981.

However, Sig Agnelli warned that measures by the Italian Government to aid industry—and the troubled car sector in particular—could be put off no longer.

Rises in productivity similar to those achieved last year could not be repeated in the future, he said. In the case of Fiat, for example, productivity had increased since last October, and the end of the strike, by 16 per cent. But despite this the productivity gap between Fiat and its main West European competitors remained substantial.

"It cannot be imagined that Italian companies can continue in the years to come to cover inflation differentials with neighbouring countries by merely increasing their own internal efficiency," Sig Agnelli stated.

Currently, 23,000 Fiat car workers are laid off following the agreement which concluded last autumn's dispute, while evidence is growing of deepening union antagonism to the company's insistence that 14,000 of them will have to leave the company for good.

On Wednesday, an estimated 50 per cent of employees in Fiat's car division obeyed a unions: in protest at Fiat's three-hour strike call from the unions, in protest at Fiat's alleged failure to respect the terms of the October accord. This, the unions claim, ought to lead to no more than 2,000 or 3,000 redundancies.

Takeover bid for Billerud withdrawn

By William Dullforce in Stockholm

STORA KOPPARBERG and Billerud have abandoned their SKr 850m ($170m) takeover bid for Iggesund, the pulp, board and chemicals manufacturer, which they launched at the end of April. The withdrawal of the offer was announced after a meeting of the Stora Kopparberg board this week.

One of the few hostile takeovers ever attempted in Sweden, the bid was seen as a battle between the Walenberg industrial group linked to Skandinaviska Enskilda Banken and interest close to Svenska Handelsbanken.

Stora Kopparberg and Billerud fall within the Wallenberg sphere while a third pulp and paper group, Mo och Domsjo (MoDo), which held 12.5 per cent of the Iggesund shares, works closely with Handelsbanken.

MoDo and other companies in the Handelsbanken camp bought up Iggesund shares, pushing the price from SKr 170 a share at the time of the offer to more than SKr 280 and securing control of a large enough block of shares to thwart the takeover. The offer was also opposed by a major shareholder in Stora Kopparberg.

Sharp downturn for Bosch so far this year

BY ROGER BOYES IN BONN

THE Robert Bosch Group, one of Europe's leading manufacturers of electrical automotive components saw earnings fall sharply last year and expects a further drop in 1981 as a result of flagging demand in the West German car market.

Herr Hans Merkle, the Bosch chairman, gave a bleak picture of the immediate prospects for the motor components industry. Most Bosch plants have been working far below capacity and the earnings for the first five months of the year are about a third down on the equivalent period last year. Sales grew last year—and probbaly this year—by between 7 and 8 per cent, but much of the increase was attributable to price rises.

The results for 1980 show that sales, excluding VAT rose to DM 11.8bn ($14.89bn) from DM 10.8bn with the foreign share accounting for 54 per cent compared with 51 per cent in 1979. Sales grew far more quickly in the overseas subsidiaries (13 per cent compared with 9.5 per cent in 1979) than those of the parent company and domestic subsidiaries.

This not only reflects the state of the domestic market — especially in the last few months of 1980—but also the relative weakness of the D-Mark. The conversion of sales in some of Bosch's foreign subsidiaries from local currency to D-Marks has artificially swollen the turnover figures. Regional subsidiaries account for 36 per cent of consolidated Bosch group sales.

Net profits, although they increased slightly in 1980 to DM 176m ($72.96m), have been on a downward path since the peak of DM 240m in 1977. Profits fell to DM 224m in the following year, and to DM 172m in 1979.

"The profit curve," said the company, "declined even more than the sales curve throughout the year. In particular in the second half of the year, the operating result deteriorated increasingly because of the decline in employment and rising costs as a result of short-time working."

The pressure of international competition has forced Bosch to simplify its organisation, to save costs and make market adjustment both swifter and more efficient.

BASE LENDING RATES

A.B.N. Bank	12 %	Grindlays Bank	†12 %
Allied Irish Bank	12 %	■ Guinness Mahon	12 %
American Express Bk.	12 %	■ Hambros Bank	12 %
Amro Bank	12 %	Heritable & Gen. Trust	12 %
Heny Ansbacher	12 %	■ Hill Samuel	§12 %
AP Bank Ltd.	12 %	C. Hoare & Co.	†12 %
■ Arbuthnot Latham	12 %	Hongkong & Shanghai	12 %
Associates Cap. Corp.	12 %	Knowsley & Co. Ltd.	14 %
Banco de Bilbao	12 %	Langris Trust Ltd.	12 %
BCCI	12 %	Lloyds Bank	12 %
Bank of Cyprus	12 %	Mallinhall Limited	12 %
Bank of N.S.W.	12 %	Edward Manson & Co.	13 %
Banque Belge Ltd.	12 %	Midland Bank	12 %
Banque du Rhone et de la Tamise S.A.	12½ %	■ Samuel Montagu	12 %
Barclays Bank	12 %	■ Morgan Grenfell	12 %
Beneficial Trust Ltd.	13 %	National Westminster	12 %
Bremar Holdings Ltd.	13 %	Norwich General Trust	12 %
Bristol & West Invests.	13 %	P. S. Refson & Co.	12 %
Brit. Bank of Mid. East	12 %	Rvl. Bk. Canada (Ldn.)	12 %
■ Brown Shipley	12½ %	Slavenburg's Bank	12 %
Canada Perm't Trust	13 %	E. S. Schwab	13 %
Cayzer Ltd.	12 %	Standard Chartered	‖12 %
Cedar Holdings	12 %	Trade Dev. Bank	12 %
■ Charterhouse Japhet	12 %	Trustee Savings Bank	12 %
Choulartons	12 %	TCB Ltd.	12 %
C. E. Coates	12 %	United Bank of Kuwait	12 %
Consolidated Credits	12 %	Whiteaway Laidlaw	12½ %
Co-operative Bank	*12 %	Williams & Glyn's	12 %
Corinthian Secs.	12 %	Wintrust Secs. Ltd.	12 %
The Cyprus Popular Bk.	12 %	Yorkshire Bank	12 %
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E. T. Trust Limited	12 %		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
Robert Fraser	12 %		
Antony Gibbs	12 %		
Greyhound Guaranty	12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 11.85%.
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 9½% and over £50,000 10%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9½%.
‖ 21-day deposits over £1,000 10½%.

PKbanken to open Hong Kong offshoot

By Our Stockholm Staff

PKbanken, the Swedish state-owned commercial bank, plans to establish the first wholly-owned Swedish banking operation in Hong Kong. It has sought Government permission to set up a deposit-taking company with a maximum capital of HK$20m (U.S.$3.6m), of which half would be paid up initially.

The aim is to offer short- and medium-term trade finance, syndicated loans, foreign exchange transactions, export and import payments and guarantees in the East Asian and South-East Asian markets. PKbanken already has a representative office in Hong Kong.

Elder Smith recommends acceptance of CUB offer

BY OUR SYDNEY CORRESPONDENT

DIRECTORS of the Adelaide pastoral house, Elder Smith Goldsborough Mort, have recommended shareholders to accept the offer for half the company's shares from Carlton and United Breweries.

CUB, currently the owner of 20 per cent of Elder's capital, is offering A$5.15 a share for 25.5m shares—half the shares it does not already own. This means shareholders, should they decide to accept the offer, will be able to sell at least 50 per cent of their present holdings to CUB.

The statement from Elder's directors said the board noted the formal advice issued by the Bell Group Ltd that it no longer intended to proceed with its bid.

Meanwhile, the three supreme court judges who heard an appeal against an earlier court case brought by BT Australia regarding the possible takeover of Elder by the Bell Group yesterday handed down the reasons for their judgments. These are now under study by the Corporate Affairs Commission which is to advise Mr. Trevor Griffin, the Attorney-General, on appropriate action to take on Bell's decision not to go ahead.

The commission and the South Australian Attorney General's office would not comment on when any decision about the affair would be made. But one CAC member was said to be considering the matter and including in its consideration the full court's judgment on the recent court battle between Bell and BT Australia.

BT appealed to the full court after the SA supreme court decided not to prevent Bell renewing its partial takeover bid for Elders. The full court endorsed that decision but its judgment was not handed down until this week.

The significance of the judgment's role in the CAC's considerations is said to centre on Bell's argument before the court that it had to renew its bid under existing legislation. Its arguments were made at a time when essential elements of the reasons cited for its withdrawal on Wednesday were already apparent.

Bell's withdrawal apparently is a technical breach of the legislation because companies wishing to withdraw from announced bids must seek and receive permission to do so.

Australian brokers widen fees battle

By Colin Chapman in Sydney

THE CHAIRMAN of the Australian Associated Stock Exchanges, Mr Frank Mullens, has appealed directly to the parent banks, in London and New York, of local merchant banks to intervene in a court action to be held in the Federal High Court in Canberra today.

The Australian Merchant Bankers' Association is seeking a writ of mandamus requiring the trade practices commission to reopen its inquiry into stock exchange practices, in the hope that this will force negotiated, rather than fixed, commission rates on an unwilling stockbroking community—as well as allowing corporate membership of stock exchanges.

The inquiry has been held up because the Federal Government has indicated it would prefer matters like brokers' commission to be determined by the new National Companies and Securities Commission, rather than by the TPC, to which most financial groups such as like banks and insurance companies have to answer. This is a decision *welcomed by the* stock market.

The merchant bankers believe that this would allow the current fixed rates system to continue. They were surprised yesterday morning, however, to receive phone calls from their London offices advising them of receipt of a telex from Mr Mullens urging them to persuade the AMBA to call off its court proceedings.

The gist of Mr Mullens' telex is that by the banks' taking the Trade Practices Commission to court they risk prejudicing the work they have done to convince Canberra that foreign banks should have a presence in Australia.

Mr Mullens said that the telexes were "private," and declined to identify the merchant banks to which they had been sent.

Members of the executive committee of the AMBA, are: Mr Richard Griffin of Schroder Darling; Mr Paul Espie, BA Australia (Bank of *America); Mr Malcolm Irving*, Martin Coroporation; Mr Chris Corrigan, BT Australia (Banker's Trust); Mr Tony Berg, Hill Samuel; Mr Peter Rollinson, Commercial Continental; and Mr Brian Watson, Citinational.

Solel Boneh registers strong growths

By L. Daniel in Tel Aviv

STRONG GROWTH is reported by Solel Boneh, Israel's largest *costruction company which is* owned by the Federation of Labour. Net profit for 1980 came to Sh 335m ($44.6m at the exchange rate in force at the year end) which constituted a rise in real terms, after discounting inflation, of 46 per cent. Turnover was close to Sh 5bn.

While road construction and other earth work declined by 20 per cent due to cuts in the development budget, the company increased its activities in the field of home construction and the building of commercial premises.

Its activities overseas increased by 7 per cent in real terms to a turnover of $450m last year. Moreover, it has contracts on hand for work overseas worth $2bn to be carried out over the next three years.

Record office sale

The Commercial Banking Company of Australia has sold its Sydney office complex for a record price of A$124.5m (US$143.4m), again demonstrating the rapid growth in inner city property values during the past two years, writes our Sydney Correspondent. The price places a tag of A$270 a square foot on the office space which is also an Australian record.

Strike lowers profits at Hindustan Machine Tools

BY K. K. SHARMA IN NEW DELHI

IMPROVED SALES and production are reported by Hindustan Machine Tools, *the* public sector company based at Bangalore in Karnataka State, despite a 77-day strike which meant a loss of Rs 400m worth of production in fiscal 1980-81.

Mr B. Ramachandra, chairman of HMT, announced that sales *increased* by Rs 37m to Rs 1.8bn ($212m) but net profits declined by Rs 30m to *Rs 280m ($33m)*.

In view of continuing profits in the past four years, Mr Ramachandra said HMT had *formulated a plan for expansion* until the year 2,000 which entailed a turnover of Rs 4bn by 1985 and Rs 8bn by 1989. The company's profits have been doubling every year since 1977-78.

Despite industrial unrest in three of its ten units, production of machine tools of various kinds, and wrist watches and *other products had continued* to expand.

Genting plantations deal

BY WONG SULONG IN KUALA LUMPUR

GENTING, THE Malaysian casino, hotel and plantation group, has reached a deal to buy over 25,000 acres of plantations belonging to the Singapore-incorporated KO Rubber Plantations for 180m ringgit ($78m).

Genting said it would buy 12 per cent of KO Rubber direct, while the balance of 88 per cent would be purchased from Kah Hin Rubber *(which owns 80 per* cent of KO Rubber), and Chin Cheng Realty. Genting will pay 90m ringgit in cash and the remaining 90m ringgit through an issue of 10m Genting shares.

KO Rubber owns the 25,000 acres of plantations mainly in the Batu Pahat and Kuali districts in the south Malaysian State of Johore. The company is controlled by the family of the late KO Teck Kin, a former Singapore High Commissioner to Malaysia, who had purchased the plantations in the late 1940s.

It was also agreed that 32.5 per cent of the new Genting shares to be issued will be purchased by Kien Huat Realty, *the family company of* Tan Sri Lim Goh Tong, which controls Genting.

With the purchase of KO Rubber, the Genting group would emerge as one of the bigger plantation companies in Malaysia, owning 57,000 acres.

Rights issue planned by NZ paper group

BY OUR SYDNEY CORRESPONDENT

NZ FOREST PRODUCTS paper manufacturing group, announced a 1-for-7 share issue to raise NZ$35.39m (US$29.99m) to meet its funding requirements. NZ plans to issue just short of 12m NZ$1 shares at NZ$3 each on a renounceable basis, with rights quotation on New Zealand and Australian exchanges.

Mr L. N. Ross, the chairman of NZ Forest, said that the decision followed a directors' review of future funding requirements, and represented the first cash issue of the company's shares since 1976.

Proceeds of the issue will be used in part to repay earlier overseas borrowings of the group, thereby reducing the company's *exposure to* foreign exchange rate fluctuations.

The remainder will be used to finance capital expenditure and provide the additonal working capital needed for expanding NZ Forest operations.

In its latest financial year to March 31, NZ Forest posted a profit of NZ$52m (US$44.06m), which represented a 78 per cent increase over the previous year's strike-affected results.

Sales in the period were NZ$544m, and according to *directors' figures are ahead of* those of the previous year for the first two months of the present year.

The new shares will rank for their first dividend payout in the interim dividend for the six months ended September 30, which should be around 10 cents a share.

In the past two years the company has increased its dividend from 15.5 per cent to 22 per cent, and the dividend cover has averaged 21.5 times earnings in that period.

The issue of the 12m new shares at a NZ$2 premium will increase the share premium account to NZ$24m, which will be available for tax free distribution in lieu of taxable dividends.

Offer documents will be mailed to shareholders early in September, and the issue is to be fully underwritten.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, July 1, 1981. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.50
Albania	Lek	5.2866
Algeria	Dinar	4.1875
Andorra	Fr. Franc	5.7399
	Sp. Peseta	95.86
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Peso (c) (6)	4500.00
	Peso (F) (9)	6575.00
Australia	Dollar	0.8714
Austria	Schilling	16.97
Azores	Port. Escudo	63.90
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is.	Sp. Peseta	95.86
Bangladesh	Taka	15.0679
Barbados	Dollar	2.01
Belgium	Franc (C)	39.43
	Franc (F)	39.605
Belize	Dollar	2.00
Benin	C.F.A. Franc	286.995
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	8.63
Bolivia	Peso	24.75
Botswana	Pula	0.8626
Brazil	Cruzeiro	91.75
Brunei	Dollar	2.136
Bulgaria	Lev	0.94
Burma	Kyat	6.6445
Burundi	Franc	90.00
Cameroun Rp.	C.F.A. Franc	286.995
Canada	Dollar	1.203
Canary Is.	Sp. Peseta	95.86
Cape Verde	Escudo	36.51
Cayman Is.	Dollar	0.835
Cen. Af. Rep.	C.F.A. Franc	286.995
Chad	C.F.A. Franc	286.995
Chile	Peso (O)	39.00
China	Renminbi Yuan	1.7467
Colombia	Peso (O)	54.07
Comoros	C.F.A. Franc	286.995
Congo P'ple.Rep.of	C.F.A. Franc	286.995
Costa Rica	Colon (O) (4)	8.60
Costa Rica	Colon	20.03
Cuba	Peso	0.7313
Cyprus	Pound*	2.2795
Czechoslovakia	Koruna (O)	5.80
Denmark	Krone	7.5525
Djibouti Rp. of	Franc	178.15
Dominica	E. Caribbean $	2.7025
Domin. Rep.	Peso	1.00
Ecuador	Sucre	30.35
Egypt	Pound* (3)	1.4493
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	191.72
Ethiopia	Birr (O)	2.0544
Faeroe Is.	Dan. Krone	7.5525
Falkland Is.	Pound*	1.9105
Fiji	Dollar	0.8699
Finland	Markka	4.48
France	Franc	5.7399
Fr. C'ty in Af.	C.F.A. Franc	286.995
Fr. Guiana	Franc	5.7399
Fr. Pac. Is.	C.F.P. Franc	102.068
Gabon	C.F.A. Franc	286.995
Gambia	Dalasi	2.0937
Germany (E)	Ostmark (O)	2.4072
Germany (W)	Mark	2.4072
Ghana	Cedi	2.75
Gibraltar	Pound*	1.9105
Greece	Drachma	58.65
Greenland	Dan. Krone	7.5525
Grenada	E. Caribbean $	2.7025
Guadaloupe	Franc	5.7399
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	38.4341
Guinea Rep.	Syli	21.5627
Guyana	Dollar	3.0667
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	5.575
Hungary	Forint	34.05
Iceland	Krona	6.527
India	Rupee	8.63
Indonesia	Rupiah	629.00
Iran	Rial (O)	79.85
Iraq	Dinar	0.2999
Irish Rep	Punt*	1.5165
Israel	Shekel	11.47
Italy	Lira	1196.75
Ivory Coast	C.F.A. Franc	286.995
Jamaica	Dollar	1.7834
Japan	Yen	227.95
Jordan	Dinar	0.3345
Kampuchea	Riel	n.a.
Kenya	Shilling	8.8661
Kiribati	Aust. Dollar	0.8714
Korea (Nth)	Won	0.94
Korea (Sth)	Won	683.10
Kuwait	Dinar	0.2826
Lao P'ple D. Rep	Kip	10.00
Lebanon	Pound	4.3075
Lesotho	Loti	0.8885
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	2.0585
Luxembourg	Lux Franc	39.43
Macao	Pataca	5.7796
Madagascar D. R.	Franc	286.995
Madeira	Port. Escudo	63.90
Malawi	Kwacha	0.9173
Malaysia	Ringgit	2.323
Maldive Is.	Rupee	3.95
Mali Rp.	Franc	573.99
Malta	Pound*	2.4893
Martinique	Franc	5.7399
Mauritania	Ouguiya	57.399
Mauritius	Rupee	8.735
Mexico	Peso	24.49
Miquelon	Fr. Franc	5.7399
Monaco	Fr. Franc	5.7399
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	5.4016
Mozambique	Metica	29.0238
Namibia	S.A. Rand	0.8885
Nauru Is.	Aust. Dollar	0.8714
Nepal	Rupee	12.00
Netherlands	Guilder	2.675
Neth. Ant'les	Guilder	1.80
New Zealand	Dollar	1.1795
Nicaragua	Cordoba	10.00
Niger Rp.	C.F.A. Franc	286.995
Nigeria	Naira (O)	0.6654
Norway	Krone	6.052
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	9.805
Panama	Balboa	1.00
Papua N.G.	Kina	0.6805
Paraguay	Guarani	126.00
Peru	Sol	417.82
Philippines	Peso	7.945
Pitcairn Is.	N.Z. Dollar	1.179
Poland	Zloty (O)	31.00
Portugal	Escudo	63.90
Port Timor	Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6397
Reunion Ile de la	Fr. Franc	5.7399
Romania	Leu (O)	4.47
Rwanda	Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	1.9105
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	5.7399
St. Vincent	E. Caribbean $	2.7025
Samoa (Western)	Tala	1.012
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1196.75
Sao Tome & Principe DR	Dobra	39.526
Saudi Arabia	Riyal	3.4093
Senegal	C.F.A. Franc	286.995
Seychelles	Rupee	7.2673
Sierra Leone	Leone	1.194
Singapore	Dollar	2.136
Solomon Is.	Dollar	0.8873
Somali Rep.	Shilling	6.295
South Africa	Rand	0.8885
Spain	Peseta	95.86
Span. Ports in N. Africa	Sp. Peseta	95.86
Sri Lanka	Rupee	18.6862
Sudan Rep.	Pound* (2)	2.00
Sudan Rep.	Pound* (1)	1.25
Surinam	Guilder	1.785
Swaziland	Lilangeni	0.8885
Sweden	Krone	5.1045
Switzerland	Franc	2.0585
Syria	Pound	3.9262
Taiwan	Dollar (O)	36.47
Tanzania	Shilling	8.2439
Thailand	Baht	20.72
Togo Rep.	C.F.A. Franc	286.995
Tonga Is.	Pa'anga	0.8714
Trinidad & Tobago	Dollar	2.4063
Tunisia	Dinar	0.5176
Turkey	Lira	110.69
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	0.8714
Uganda	Shilling (7)	78.00
Utd. A'b. Emir.	Dirham	3.672
Utd. Kingdom	Pound Sterling*	1.9105
Upper Volta	C.F.A. Franc	286.995
Uruguay	Peso	10.76
U.S.S.R.	Rouble	0.8049
Vanuatu	Vatu (5)	92.7661
Vanuatu	Aust. Dollar	0.8714
Vatican	It. Lira	1196.75
Venezuela	Bolivar	4.2937
Vietnam	Dong (O)	2.18
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.57
Yemen PDR	Dinar	0.3415
Yugoslavia	Dinar	33.9381
Zaire Rp.	Zaire (8)	5.546
Zambia	Kwacha	0.8947
Zimbabwe	Dollar	0.6944

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries. (4) Costa Rica—Two-tier rate effective 24/4/81.
(5) Vanatu—100 vatu=6.1875 French francs since 1/1/81. Aust. dlr. being phased out over next two years.
(6) Argentina: June 22 Two Tier Policy Adopted. Commercial: Fixed by Central Bank for Imports and Exports.
(7) Uganda—Rate quoted by Bank of Uganda on June 9 following devaluation June 1, 1981.
(8) Zaire: Devalued on June 19 by 40 per cent. 1 Zaire=0.1575 SDR.
(9) Argentina: Financial allowed a clean float.

APPOINTMENTS

Chairman designate for Burton

Mr Ralph M. Halpern, group chief executive, is appointed chairman designate and will, on August 30, become chairman and chief executive of THE BURTON GROUP.

Mr Cyril Spencer is retiring as non-executive chairman of the Burton Group at the end of the financial year on August 29. He will remain on the board as a director.

★

Mr E. A. A. Bruell has been appointed an executive director of B.A.T. INDUSTRIES. He will remain a director of British-American Tobacco Company and continue his responsibilities for marketing services, B.A.T. (UK and Export) and Brazil. At B.A.T. STORES HOLDINGS **Mr P. J. Ricketts** is relinquishing his directorship of the company and **Mr G. L. Dennis** is to be appointed chairman of the board in his place.

★

Viscount Colville of Culross has been appointed a director of THAMES TELEVISION, as a nominee of Rediffusion Television. Mr. J. A. Sibley has also been appointed a director of Thames Television. He is the director of administration and company secretary of Thorn EMI, the other ultimate holding company of Thames Television. He joins Thames Board as a nominee of TTH through which Thorn EMI holds its shares in the company. **Mr R. M. Denny**, who has served as a director of Thames as a Rediffusion Television nominee since March 1980, has resigned. Thames will continue to benefit from his experience in broadcasting as he will act as an alternate director to one of Rediffusion Television's nominees.

★

HARMAN HEDLEY AGENCIES (recently acquired by Stenhouse Holdings) state that **Mr Elvin E. Patrick** has been appointed the underwriter for Syndicates 566 and 561, in place of **Mr E. R. P. Wilson**. Mr Patrick will continue as the underwriter for Syndicates 726 and 197.

★

Mr James A. Paterson has been appointed a non-executive director of GLYNWED. He is a director of Rio Tinto Zinc Corporation and chairman and chief executive of RTZ Industries.

★

Mr Ronald H. Fidler, an executive vice-president, has been named chief operating officer of BLACK AND DECKER MANUFACTURING CO. He was previously president of the company's European international group. As chief operating officer Mr Fidler succeeds **Mr John C. Brooman** who continues as president of the company. **Mr Richard V. Dempster**, an executive vice-president, has been named chief business development officer. He was previously chairman of the company's Pacific international group and chairman of the McCulloch Corporation. **Mr Laurence J. Farley**, chief financial officer, has been elected an executive vice-president. **Mr John I. Leahy** has been elected senior vice-president in charge of operations in North and South America, Australia, and the Far East. **Mr Anthony J. McCann** has been elected a senior vice-president in charge of operations in Western Europe, the Middle East and Africa.

★

BRADSTOCK BLUNT (NORTHERN) has appointed **Mr C. J. Powell** an associate director.

★

GILBERT ELIOTT, stockbrokers, has appointed **Mr Eric Chalmers** as economic consultant.

★

BANCO DE BILBAO has appointed **Sir Norman Biggs** to the Board. Sir Norman, believed to be the first British director of a Spanish bank, was formerly chairman of Williams and Glyn's Bank and currently vice-chairman of Privatbanken A/S in London.

★

Mr Sinclair Stewart has been appointed deputy managing director of FOOTE CONE AND BELDING. In addition he becomes chairman and chief executive of Underline (the sales promotion and merchandising company) and Overlay Studios. **Mr David Thursfield** takes over as managing director of Underline and Overlay Studios.

★

At ROWENTA (UK) **Mr John Ditchburn** has been appointed sales director and **Mr George Kinnon** financial director.

★

Mr Roger Wain has been appointed senior vice-president and general manager for Britain of THE IMPERIAL LIFE ASSURANCE COMPANY OF CANADA following the retirement of **Mr Jack Kempton**.

★

Mr Tim Rathbone has been appointed a director of CHARLES BARKER CBC. He is Parliamentary Private Secretary to Dr Gerard Vaughan, Minister of State for Health and Social Security.

★

At TULLIS RUSSELL **Mr Ronald J. Wylie** moves from joint managing director to chief executive. **Mr James F. S. Daglish, Mr David E. Erdal** and **Mr Walter G. Fletcher** have joined the Board.

★

Mr Reg Bishop has been appointed managing director of TI POWER TRANSMISSIONS, the parent organisation of the TI industrial power transmission companies, TI Matrix Engineering, Brechin and Wichita Co. and TI Interlock, Bedford. Mr Bishop has also been appointed deputy chairman of TI Fords, Bedford, a company manufacturing packaging and bottling equipment. In both these posts he succeeds **Mr Graham MacKenzie** who has been seconded for a period to the Government's Central Policy Review Staff.

★

Mr Roderick Balfour has been appointed a managing director of JESSEL, TOYNBEE AND CO. from September 7. He will be resigning from the partnership of Grieveson Grant and Co. on July 31.

★

To deal with a changed emphasis in the BRITISH RAIL PROPERTY BOARD'S current business activity, **Mr Alan E. Monks**, estate surveyor and manager for the Eastern Region, has been appointed chief estate surveyor (sales and purchases) at Board headquarters from September 7. He is to be succeeded at the Eastern Region by **Mr Douglas Leslie**, present estate surveyor and manager for the Board's Scottish Region.

★

Mr Peter Rowland has been appointed secretary to the TSB GROUP. He will also be appointed secretary of the TSB Central Board and TSB Holdings. During the next few weeks he will be taking over these assignments from **Mr Robert Deed** who is to assume new responsibilities within TSB Group.

★

A.P.V. HOLDINGS has created a divisional structure within its group organisation and appointed the following as divisional chief executives and members of the group executive: **Mr L. H. S. Halling**—industrial division; **Mr A. MacDougall**—Hall-Thermotank division; and **Mr J. B. Shanahan**—Americas division.

★

Mr Geoffrey D. Barker has been appointed to the board of THOMAS FORMAN AND SONS as director, cheque division.

★

Mr John Dickinson has joined WATNEY MANN NATIONAL SALES as sales director from CPC (United Kingdom).

★

WILLIS FABER LTD. has made the following appointments: Willis Faber and Dumas, **Mr A. B. Hedgecock**—executive director. Willis Faber and Dumas (Agencies), **Miss A. M. Davidson**—director.

★

From August 1, **Mr J. P. Clay** will be joining the board of GLOBE MANAGEMENT, a subsidiary of Globe Investment Trust, where he will develop the group's interests in the field of international money management.

★

Mr Jim Mann has been appointed director of the industrial products division of JOHNSON WAX. He was business development manager for the Americas, Far East and Pacific.

★

Mr Charles L. Atherton has been appointed international director of DANIEL GREENAWAY AND SONS. This is a new appointment and he will be responsible for developing the company's overseas markets and interests. Mr Atherton was formerly responsible for the domestic corporate finance activities. **Mr Derrick Hopkins** has been appointed divisional sales manager for all UK based corporate finance printing services.

Mr. Ralph M. Halpern

★

Mr Robin Harris has been appointed group financial controller of TATE & LYLE. He was previously group management accountant. Prior to joining Tate & Lyle in 1977, he had spent 15 years in a variety of appointments in the Dunlop Group.

★

Mr W. J. Holcroft has resigned from the Boards of CONSOLIDATED GOLD FIELDS AUSTRALIA and Renison Goldfields Consolidated.

★

BURMAH has formed a speciality chemicals division to develop its interests in sealants, adhesives, waxes, agricultural chemicals and metal surface treatment products. Chief executive of the division is **Mr Jonathan Fry**, formerly group planning director, and its deputy chief executive **Mr Derek Hickson**, formerly chief executive of Burmah Industrial Products.

★

S. SIMPSON is making the following appointments on August 1 at Daks-Simpson and Daks-Simpson (Womenswear): managing director of both companies, **Mr Stephen Rose**; deputy managing director — Daks-Simpson (Womenswear), **Mr Peter Garland**. He also joins the board of Daks-Simpson on July 1. At Activon: deputy chairman, **Mr Johnny Mengers** (managing director and deputy chairman of S. Simpson): managing director, **Mr Harry Kuiper**. **Mr Joseph Guzzan** will retire as managing director of Activon but continues on the board of the parent company, S. Simpson and as a consultant to Activon.

★

Three officers of DI GIORGIO CORPORATION'S San Francisco financial management group have been promoted. **Mr Richard D. Rainis** and **Mr William M. Smartt** have been elected vice-presidents of Di Giorgio and **Ms Christine Di Giorgio** has been elected treasurer of the corporation.

CURRENCIES, MONEY and GOLD

Dollar steady

The dollar showed little improvement against major currencies overall. It was much firmer against sterling but eased slightly against European currencies. However, it remained underpinned by high interest rates and the likelihood that U.S. rates will remain firm at least for the rest of this month. This was underlined when Chase Manhattan raised its prime rate to 20½ per cent from 20 per cent.

Sterling fell to a new three-year low against the dollar in rather nervous trading. The Bank of England may have been in the market smoothing from time to time but there was little attempt to hold sterling at any particular level.

The French franc was sharply firmer within the European Monetary System and other currencies also benefited from sterling's weakness. The D-mark remained the strongest currency and was not far from its upper divergence limit against the central ECU rate.

DOLLAR—Trade weighted index (Bank of England) fell to 109.4 from 109.8. The dollar continued to rise against sterling yesterday but was slightly weaker against European currencies although the undertone remained bullish. Against the D-mark it was unchanged at DM 2.4125 and was slightly down against the Swiss franc at SwFr 2.0712½ compared with SwFr 2.0740. It was also down against the yen at Y226.75 against Y228.10.

STERLING — Trade weighted index (Bank of England) fell to 92.1 from 93.1, having stood at 92.0 at noon and 92.3 in the morning. The pound opened at $1.8875 against the dollar and touched $1.8960 before slipping away some time after lunch in thin trading to a low of $1.8750. It recovered as the dollar eased back on a lower Federal fund rate and peaked at $1.8875. Sterling closed at $1.8835-1.8845, a fall of 1.9c. Against the D-mark it finished at DM 4.5475 against DM 4.5925 and SwFr 3.9025 from SwFr 3.9450. It was also weaker against the French franc at FFr 10.80 against FFr 10.915.

D-MARK—Strongest member of the European Monetary System but losing ground once again to the strong dollar as U.S. interest rates remain firm. A reduction in Germany's large balance of payments deficit later this year, reflecting the better competitive position of Germany's exports, may assist a recovery as long as U.S. interest rates do not show a further rise —There was no intervention by the Bundesbank at yesterday's fixing when the dollar rose to DM 2.4135 from DM 2.4074. Dollar sentiment remained bullish despite an easing in Euro-dollar interest rates. Sterling fell to DM 4.5370 from 4.5970 and the Swiss franc dipped to DM 1.1628 from DM 1.1670. Within the EMS the French franc rose to DM 42.07 from DM 41.91 per FFr 100 while the Belgian franc eased to DM 6.1 per BFr 100 from DM 6.1050 and only slightly above its floor level of DM 6.0990. In later trading the dollar was quoted at DM 2.4050 while sterling improved to DM 4.5400.

BELGIAN FRANC—The Belgian franc has recently come under pressure within the EMS, prompting the authorities to increase short term interest rates. However the franc remains the weakest member of the system and has been trading on or close to its floor level against the D-mark. Fundamentals depressing the franc include a large budget and trade deficit—The Belgian franc was fixed slightly higher against the D-mark at yesterday's fixing in Brussels with the D-mark at BFr 16.39475 down from BFr 16.3950 on Wednesday but still close to upper rate of BFr 16.3955. The dollar rose to BFr 39.54 from BFr 39.47 while sterling slipped to BFr 74.3550 from BFr 75.3375.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 2	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.2591	+1.13	+1.13	±1.5361
Danish Krone	7.91917	7.90552	−0.17	−0.17	±1.6413
German D-Mark	2.54502	2.51660	−1.12	−1.12	±1.1386
French Franc	5.99526	5.98335	−0.19	−0.19	±1.3638
Dutch Guilder	2.81318	2.79898	−0.50	−0.50	±1.5159
Irish Punt	0.685145	0.690005	+0.71	+0.71	±1.6688
Italian Lira	1262.92	1255.69	−0.57	−0.57	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

July 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8750-1.8960	1.8835-1.8845	1.10-1.20c dis	−7.32	2.80-2.70dis	−5.63
Canada	2.2580-2.2800	2.2660-2.2670	1.50-1.60c dis	−8.21	3.80-3.95dis	−6.84
Nethlnd.*	5.03-5.09	5.04-5.05	⅛c pm-⅛ dis	—	1½-½ pm	0.79
Belgium	74.20-75.10	74.40-74.50	50-60c dis	−8.86	120-130 dis	−6.71
Denmark	14.20-14.36	14.26¼-14.26¾	6½-7½ore dis	−5.68	17-18½ dis	−4.98
Ireland	1.2440-1.2545	1.2470-1.2485	0.18-0.31p dis	−1.31	0.62-0.86dis	−2.37
W. Ger.	4.52-4.56½	4.54¼-4.55¼	¼pf pm-¼ dis	—	¾-¼ pm	0.44
Portugal	120.00-121.50	120.60-120.80	50-125c dis	−8.70	150-325 dis	−7.87
Spain	181.00-183.00	181.60-181.80	105-135c dis	−7.92	315-355 dis	−7.37
Italy	2,258-2,276	2,261-2,263	24-26 lire dis	−13.26	71-74 dis	−12.82
Norway	11.36-11.51	11.39-11.40	½ore pm-1½ dis	−0.53	1¼ pm-¾ dis	0.22
France	10.76-10.89	10.79½-10.80½	9½-10½c dis	−11.11	23½-24½dis	−8.89
Sweden	9.6200-9.7400	9.6275-9.6375	2½-3½ore dis	−4.20	6¾-7¾ dis	−3.01
Japan	425-431	426½-427½	2.10-1.80y pm	5.48	5.80-5.40 pm	5.24
Austria	31.90-32.25	31.95-32.00	1-5gro dis	−1.12	par-10 dis	−0.62
Switz.	3.89-3.94	3.89½-3.90½	1¼-⅝c pm	2.69	2½-2 pm	2.31

Six-month forward dollar 4.20-4.30c dis, 12-month 5.70-5.90c dis. Belgian rate is for convertible francs. Financial franc 75.65-75.75. * Nethlnd. July 1 5.09¾-5.10¾ (close).

THE DOLLAR SPOT AND FORWARD

July 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8750-1.8960	1.8835-1.8845	1.10-1.20c dis	−7.32	2.80-2.70dis	−5.63
Ireland†	1.5092-1.5180	1.5135-1.5155	0.52-0.62c dis	−4.52	1.05-1.25dis	−3.04
Canada	1.2013-1.2042	1.2018-1.2022	0.17-0.21c dis	−1.90	0.34-0.39dis	−1.21
Nethlnd.	2.6725-2.6880	2.6725-2.6775	1.68-1.58c pm	7.31	4.35-4.25 pm	6.43
Belgium	39.47½-39.62	39.51-39.53	5-15c dis	−3.04	5-15 dis	−1.01
Denmark	7.5425-7.5865	7.5425-7.5475	1.40-1.15ore pm	2.02	2.50-2.00 pm	1.19
W. Ger.	2.4025-2.4175	2.4120-2.4130	1.40-1.34pf pm	6.81	3.52-3.46 pm	5.79
Portugal	63.80-64.20	63.80-64.00	par-30c dis	−2.82	par-80 dis	−2.50
Spain	96.38-96.70	96.38-96.43	par-15c dis	−0.93	20-45 dis	−1.35
Italy	1,200-1,204½	1,200-1,202	6¼-7¼ lire dis	−6.74	21-23 dis	−7.33
Norway	6.525-6.0815	6.0525-6.0575	3.60-3.10ore pm	6.64	9.60-9.00 pm	6.11
France	5.7200-5.7650	5.7300-5.7350	2½-3½c dis	−6.30	5½-7 dis	−4.38
Sweden	5.1130-5.1370	5.1130-5.1180	1.55-1.35ore pm	3.40	4.30-4.10 pm	3.28
Japan	225.75-228.50	226.70-226.80	2.35-2.20y pm	12.04	6.15-6.00 pm	10.72
Austria	16.95½-17.03¼	16.96½-16.97½	9½-8gro pm	6.19	25-21 pm	5.42
Switz.	2.0620-2.0810	2.07075-2.07175	1.80-1.70c pm	10.14	4.30-4.20 pm	8.20

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 2	Bank of England Index	Morgan Guaranty Changes%
Sterling	92.1	−31.8
U.S. dollar	109.4	+3.1
Canadian dollar	88.1	−17.1
Austrian schilling	111.3	+21.4
Belgian franc	104.8	+9.0
Danish kroner	86.1	−11.1
Deutsche mark	116.4	+36.1
Swiss franc	136.6	+83.8
Guilder	108.2	+14.3
French franc	82.8	−11.4
Lira	57.2	−55.8
Yen	142.9	+36.5

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

July 1	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.599450	0.548099
U.S. $	14	1.14465	1.04824
Canadian $	19.08	Unavail.	1.26040
Austria Sch.	6¾	19.4270	17.7703
Belgian F.	13	45.1793	41.3164
Danish K.	11	8.64783	7.92102
D mark	7½	2.75563	2.52154
Guilder	9	3.06306	2.80320
French Fr.	9½	6.57659	6.02004
Lira	19	1371.86	1256.32
Yen	6¼	260.622	238.894
Norwgn. Kr.	9	6.92971	6.34348
Spanish Pts.	8	109.985	100.788
Swedish Kr.	12	5.84229	5.35126
Swiss Fr.	5	2.35632	2.16042
Greek Dr'ch.	20½	—	61.5368

OTHER CURRENCIES

July 2	£	$		£ Note Rates
Argentina Peso	8523-8543†	4529-4549†	Austria	31.80-32.10
Australia Dollar	1.6390-1.6430	0.8710-0.8715	Belgium	77.00-78.00
Brazil Cruzeiro	170.93-171.93	90.95-91.40	Denmark	14.15-14.30
Finland Markka	8.507-8.520	4.4970-4.4990	France	10.70-10.80
Greek Drachma	109.124-112.496	58.95-59.05	Germany	4.52½-4.56½
Hong Kong Dollar	10.53-10.55	5.584-5.589	Italy	2210-22.55
Iran Rial	153.75*	80.20*	Japan	428-434
Kuwait Dinar (KD)	0.531-0.537	0.2828-0.2831	Netherlands	4.99½-5.03½
Luxembourg Fre.	74.40-74.50	39.51-39.53	Norway	11.38-11.50
Malaysia Dollar	4.4010-4.4110	2.3300-2.3330	Portugal	118-122
New Zealand Dlr	2.2285-2.2335	1.1835-1.1845	Spain	175-183½
Saudi Arab. Riyal	6.41-6.47	3.4115-3.4135	Sweden	9.60-9.70
Singapore Dollar	4.0550-4.0650	2.1500-2.1530	Switzerland	3.89-3.93
Sth African Rand	1.6870-1.6890	0.8950-0.8965	United States	1.87¼-1.89
U.A.E. Dirham	6.91-6.97	3.6700-3.6730	Yugoslavia	69-80

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 12,257-12,277 and for the dollar 6,450-6,500. *Selling rate.

EXCHANGE CROSS RATES

July 2	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.884	4.548	427.3	10.80	3.903	5.045	2262.	2.267	74.45
U.S. Dollar	0.531	1.	2.414	226.8	5.732	2.071	2.678	1201.	1.203	39.52
Deutschemark	0.220	0.414	1.	93.95	2.375	0.858	1.109	497.4	0.498	16.37
Japanese Yen 1,000	2.341	4.410	10.64	1000.	25.28	9.134	11.81	5294.	5.305	174.3
French Franc 10	0.926	1.744	4.211	395.6	10.	3.613	4.671	2094.	2.099	68.94
Swiss Franc	0.256	0.483	1.165	109.5	2.767	1.	1.293	579.6	0.581	19.08
Dutch Guilder	0.198	0.373	0.901	84.69	2.141	0.774	1.	448.4	0.449	14.76
Italian Lira 1,000	0.442	0.833	2.010	188.9	4.775	1.725	2.230	1000.	1.002	32.91
Canadian Dollar	0.441	0.831	2.006	188.5	4.765	1.722	2.226	998.0	1.	32.85
Belgian Franc 100	1.343	2.531	6.108	573.9	14.51	5.242	6.776	3038.	3.044	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 2)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 3/8	offer 18 1/2	bid 17 7/8	offer 18

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

July 2	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	11⅛-11⅝	18⅝-18⅞	19-20	11⅝-11¾	1¾-2¼	11¾-11⅞	23-33	18-21	13-15	6-6⅛
7 days' notice	11⅝-11⅞	18⅞-19⅛	19-20	11¾-12	4½-5	11⅞-12	23-33	21½-24½	15½-17½	6½-6¾
Month	11⅞-12⅛	18¾-19	19⅝-19¾	11¾-11⅞	9-9⅛	12⅛-12⅜	22-25	24½-25½	22-22½	6⅞-6⅞
Three months	12⅝-12⅞	18¼-18½	19⅛-19⅜	11⅞-12	9⅝-9¾	12⅛-12⅛	21-23	25¼-26¼	19⅛-19⅝	7⅜-7⅝
Six months	13-13⅛	17¾-18	18⅝-19	11⅞-12	9⅞-10	12⅜-12⅝	20-21½	25-26	16-16½	7⅞-8⅛
One Year	13⅝-13⅝	16⅞-17⅛	17⅝-18	11⅛-11⅜	9⅛-9⅜	12⅜-12⅛	18¾-19¾	24¼-25¼	17-17½	8-8¼

SDR linked deposits: one-month 15¾-16¼ per cent; three-months 15⅝-15⅝ per cent; six-months 15¼-15¾ per cent; one-year 14⅝-15¼ per cent.
ECU linked deposits: one-month 15⅞-16⅛ per cent; three-months 15⅝-16⅛ per cent; six-months 15⅜-15⅞ per cent; one-year 14⅞-15⅜ per cent.
Asian $ (closing rates in Singapore): one-month 18-18⅛ per cent; three-months 18⅝-18⅞ per cent; six-months 18¼-18½ per cent; one-year 17¼-17½ per cent.
Long-term Eurodollar two-years 15⅞-16⅛ per cent; three-years 15¾-16 per cent; four-years 15¾-15⅞ per cent; five-years 15⅝-15⅞ per cent; nominal closing rates.
Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.
The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.50-18.60 per cent; three-months 17.85-17.95 per cent; six-months 17.25-17.35 per cent; one-year 16.30-16.40 per cent.

INTERNATIONAL MONEY MARKET

French rate cut

The Bank of France cut its seven-day intervention rate on Treasury bills to 19.75 per cent from 22 per cent with effect from today. Earlier in the day the Bank injected some FFr 24bn of liquidity into the market through first category paper purchases at a rate of 18.75 per cent. This is the first time since last January that the authorities have assisted the market in such a way. In the money market call money remained at 19 per cent and longer term rates were slightly firmer.

There were no policy changes after yesterday's meeting of the Bundesbank central council in Frankfurt. This was much in line with market expectations and leaves the special Lombard rate at 12 per cent and the discount rate at 7.5 per cent. In the money market call money was quoted at 12 per cent compared with 11.95 per cent on Wednesday while longer term rates showed little overall change.

In Brussels the Belgian National Bank increased Treasury bill rates for the third time this week in an effort to support the Belgian franc within the European Monetary System. The rate for one-month bills was increased to 15 per cent from 14½ per cent and to 15.25 per cent from 15 per cent for two-month bills. Three-month bills rose to 15.5 per cent from 15.25 per cent.

MONEY RATES

NEW YORK	
Prime Rate	20-20½
Fed. Fund	20-20½
Treasury Bills (13-week)	14.47
Treasury Bills (26-week)	14.21
GERMANY	
Special Lombard	12.0
Overnight Rate	12
One month	12.85
Three months	12.95
Six months	13.0
FRANCE	
Intervention Rate	19.75
Overnight Rate	19
One month	18.375
Three months	17.875
Six months	17.25
JAPAN	
Discount Rate	6.25
Call (Unconditional)	7.1875
Bill Discount (three-month)	7.53125

UK MONEY MARKET

Further surplus

Bank of England Minimum Lending Rate 12 per cent (from March 10 1981)

Day to day credit was again in good supply in the London money market yesterday and the authorities took out the surplus by selling a moderate amount of Treasury bills both to discount houses and banks. The market was faced with a small number of eligible bank bills maturing in official hands but this was offset by a small excess of Government disbursements over revenue transfers to the Exchequer and balances brought forward by banks a moderate way above target.

Discount houses were paying up to 11½ per cent for secured call loans at the start with later balances taken at 9½-10½ per cent.

In the interbank market overnight loans opened at 11-11¼ per cent and traded for most of the day at 10½-11¼ per cent before falling away towards the close to 3-5 per cent.

GOLD

Further fall

Gold continued to lose ground in the London bullion market yesterday, closing at $413-416, a fall of $11 an ounce. It opened at $408-411 and improved on shortcovering ahead of the long weekend in the U.S. However the undertone remained bearish.

In Paris the 12½ kilo bar was fixed at FFr 88,000 per kilo ($477.47 per ounce) in the afternoon compared with FFr 85,500 ($462.49) in the morning and FFr 85,500 ($462.86) on Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed DM 32,000 per kilo ($412.14 per ounce) against DM 32,650 ($422.09) previously and closed at $414-416 compared with $421-423.

In Zurich gold finished at $413-416 per ounce.

	July 2		July 1	
Gold Bullion (fine ounce)				
Close	$413-416	(£219-220½)	$424-427	(£222¼-224)
Opening	$408-411	(£215¾-216¾)	$416-421	(£216¼-219¼)
Morning fixing	$410	(£217.046)	$421.25	(£220.665)
Afternoon fixing	$414.50	(£218.849)	$422	(£221.174)
Gold Coins				
Krugerrand	$427-428	(£226½-227)	$437½-438½	(£229½-230)
1/2 Krugerrand	$220-221	(£116¾-117¼)	$225¾-226¾	(£118½-119)
1/4 Krugerrand	$112-113	(£59½-60)	$115-116	(£60¼-60¾)
1/10 Krugerrand	$45¾-46¾	(£24¼-24¾)	$47-48	(£24½-25¼)
Mapleleaf	$416-419	(£220¾-222¼)	$427-430	(£224-225½)
New Sovereigns	$103¾-104½	(£55-55½)	$106¼-107	(£55¾-56¼)
King Sovereigns	$110-112	(£58¼-59¼)	$111-113	(£58¼-59¼)
Victoria Sovs	$110-112	(£58¼-59¼)	$111-113	(£58¼-59¼)
French 20s	$109-115	(£57¾-61)	$112-117	(£58¾-61¼)
50 pesos Mexico	$513-517	(£272¼-274½)	$526-531	(£275¾-278½)
100 Cor. Austria	$401-407	(£212¾-216)	$411-415	(£215½-217½)
$20 Eagles	$544½-549½	(£289-291½)	$550-555	(£288½-291)

LONDON MONEY RATES

July 2 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	3-11¼	11	—	—	—	—	—	—	—
2 days notice	—	—	11⅝	—	—	10⅛	10-11⅛	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11⅜-11½	11¾	—	—	—	—	—	—	—
One month	12-11⅞	11⅞-12	12	13-12¾	12	11¾	11-11⅛	—	—	—
Two months	12⅜-12¼	12⅛-12¼	—	13-12⅝	12⅛	12⅛	11½	11½	11⅞-11⅝	12¼
Three months	12⅝-12⅞	12⅝-12¾	—	13-12⅝	12⅛	12⅝	11¾	11¾	11⅞	12⅜
Six months	12⅞-12⅞	12⅞-13	12⅝	12⅞-12⅝	12⅞	12⅞	12	11½	12⅛-12⅜	12⅝
Nine months	13⅛-13	13⅛-13⅜	12¾	13½-13¼	13¼	13¼	—	—	12⅛-12⅜	—
One year	13⅛-13⅛	13¼-13½	—	13⅝-13¼	13⅝	13⅜	—	—	—	—
Two years	—	—	13¼ / 13⅝	—	13⅛	15⅛	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three-years 13⅞ per cent; four-years 14¼ per cent; five-years 14¼ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12¼-12⅜ per cent; four-months trade bills 12⅝ per cent.

Approximate selling rate for one-month Treasury bills 11⅝ per cent; two-months 11⅝ per cent; three-months 11⅝ per cent. Approximate selling rate for one-month bank bills 11⅞-11⅞ per cent; two-months 11⅞ per cent; three-months 12⅛-12⅛ per cent; one-month trade bills 12 per cent; two-months 12¼ per cent and three-months 12⅜ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from July 1 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.8780 per cent.

COMPANY NOTICES

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION p.l.c.

14% Debenture Stock 1993

Notice is hereby given that the REGISTERS of the CORPORATION'S above mentioned Debenture Stock will be CLOSED for TRANSFER and REGISTRATION from 20th to 31st July 1981 both days inclusive.

By Order of the Board
H. S. [illegible], Secretary

48 Palmerston Place
Edinburgh EH12 5BR
3rd July 1981

SAVE AND PROSPER FINANCIAL SECURITIES FUND

Coupon 120 falls due for payment on 15th July at a rate of 1.01p per Financial Securities Fund Unit. Coupons should be presented to the Royal Bank of Scotland Ltd., Lombard Street Office, P.O. Box 412, 62, Lombard Street, London EC3P 3DE, from whom listing forms can be obtained. Coupons must be lodged by all authorised depositary and left three days for examination.

RAND MINES, LIMITED

(Incorporated in the Republic of South Africa)

A member of the Barlow Rand Group

PAYMENT OF COUPONS

With reference to the Notice of declaration of dividends advertised in the press on 9th June, 1981, the following information is published for the guidance of holders of share warrants to bearer of the undermentioned companies. The dividends were declared in South African currency and dividends payable from the offices of the Secretaries of the companies in the United Kingdom will be paid in United Kingdom currency on or after 21st July, 1981 against presentation of the relevant coupons at the London Bearer Reception Office, Charter Consolidated Limited, 40 Holborn Viaduct, London EC1P 1AJ where listing forms may be obtained, or at Credit Lyonnais, 19, Boulevard des Italiens, 75002 Paris, for payment in French currency.

Coupons must be left for at least four clear days for examination and may be presented any weekday (Saturdays excepted) between the hours of 10 a.m. and 3 p.m.

Republic of South Africa non-resident shareholders' tax will be deducted at the rate of 15 per cent from the dividends payable in respect of share warrant coupons of the undermentioned companies. United Kingdom income tax will also be deducted from coupons presented for payment at the London Bearer Reception Office unless coupons are accompanied by Inland Revenue non-residence declaration forms. Where such deduction is made the net amount of the dividend will be as shown under:—

Name of Company (Each Incorporated in the Republic of South Africa)	Durban Roodepoort Deep Limited Coupon No. 115		East Rand Proprietary Mines Ltd. Coupon No. 121	
Currency	S.A. Cents	U.K. Currency Equivalent Pence	S.A. Cents	U.K. Currency Equivalent Pence
Amount declared in S.A. currency per share	85.00	49.446770	50.00	29.086330
Less South African non-resident shareholders' tax at 15%	12.75	7.417015	7.50	4.362945
	72.25	42.029755	42.50	24.723385
Less U.K. Income tax at 15% (See note)		7.417015		4.362945
		34.612740		20.360440

Secretaries of the Companies in the United Kingdom:
Charter Consolidated Limited
40 Holborn Viaduct, London EC1P 1AJ.
2nd July 1981

NOTE: Both companies have been asked by the Commissioners of Inland Revenue to state:—
Under the Double Taxation Agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividends is allowable as a credit against the United Kingdom tax payable in respect of the dividends. The deduction of tax at the reduced rate of 15% instead of at the basic rate of 30% represents an allowance of credit at the rate of 15%.

BOND DRAWINGS

DRAWING

At drawings made in June 1981 in the presence of a Notary Public in Stockholm, Deposit Certificates in respect of Bonds of The German Reich 4% (formerly 6%) External Loan of 1930 (the "Match Loan") totalling US$658,900 were drawn for redemption as at 15th July 1981.

Lists of certificates drawn can be obtained at Lazard Brothers & Co. Limited, 21 Moorfields London EC2P 2HT.

The certificates are payable on the condition given in the certificates as from 15th July 1981 at any of the offices of Skandinaviska Enskilda Banken and Gotabanken as well as at the offices of the other Paying Agents.

No interest will be paid as from 15th July 1981 on certificates drawn.

Certificates presented for redemption shall be accompanied by all the interest coupons which are not yet due for payment. Otherwise, an amount equivalent to the missing coupons will be withheld.

The holder of a certificate which has been drawn will receive on its redemption a voucher in respect of the right attaching to the certificate to receive "Funding Bonds" when issued.

Any of the drawn certificates held on behalf of residents in the United Kingdom should be lodged between the hours of 11 am and 2 pm (Saturdays excepted) for payment through an authorised Depositary in London with Lazard Brothers & Co. Limited 21 Moorfields London EC2P 2HT from whom listing forms may be obtained. Certificates cannot be accepted through the post.

PUBLIC NOTICES

COMPETITION ACT 1980
NOTICE UNDER SECTION 3(2)(b)

LONDON ELECTRICITY BOARD

Under Section 3 of the Competition Act 1980 the Director General of Fair Trading is to investigate whether the London Electricity Board has been or is pursuing a course of conduct which may amount to an anti-competitive practice.

The matters to be investigated are:—

(a) whether the Board has been or is carrying on at a loss its business of retailing domestic electrical goods, spare parts and ancillary goods;

(b) if it has been so carrying on that business, whether that is a course of conduct which has or is intended to have or is likely to have the effect of restricting, distorting or preventing competition in connection with the production, supply or acquisition of goods.

In determining for the purposes of (a) and (b) above the [illegible] loss there shall be proper allocation of all costs, including [illegible] charges.

The goods concerned in the investigation are domestic electrical goods, spare parts and ancillary goods.

If you have any information which you consider would help the Director General please write to:

Office of Fair Trading
Branch CP4, Chancery House
53 Chancery Lane
London WC2A 1SP

Your letter should arrive as soon as possible if it is to be taken into account in the inquiry.

BIRMINGHAM District Council

Floating Rate Stock 1983/85

for the six months from 3rd July, 1981 to 3rd January, 1982 the interest rate on the above stock will be 13.8750% per annum.

Morgan Grenfell & Co. Limited

PLYMOUTH CITY COUNCIL BILLS

£0.5m issued 1st July, 1981 @ 11 59.64% due 30th September, 1981. Total applications £5m. Bills outstanding £0.5m.

LEGAL NOTICES

IN THE SUPREME COURT OF SOUTH AFRICA
(WITWATERSRAND LOCAL DIVISION)

In the matter of the Application of:

FREE STATE SAAIPLAAS GOLD MINING COMPANY LIMITED Applicant

NOTICE IS HEREBY GIVEN that in terms of an Order dated 30th June, 1981, in the above matter, the Supreme Court of South Africa (Witwatersrand Local Division) has directed that a Meeting of the shareholders of FREE STATE SAAIPLAAS GOLD MINING COMPANY LIMITED be held on Monday, 27th July, 1981, at 09h30 at 44 Main Street, Johannesburg, for the purpose of considering and, if thought fit, of approving, with or without modification, the Scheme of Arrangement proposed to be made by the Company and its shareholders, to which WELKOM GOLD MINING COMPANY LIMITED is a party.

The head office and United Kingdom transfer registers and registers of members will be closed from July 21 to July 27, 1981, both days inclusive, for the purpose of determining those shareholders entitled to attend and vote at the meeting.

Copies of the Scheme of Arrangement and of the Explanatory Statement in terms of Section 312(1) of the Companies Act, No. 61 of 1973 (as amended) explaining the effects of the Scheme and the material interests of the Directors have been sent to all shareholders, and copies may be obtained at the offices of the transfer secretaries of the Applicant in Johannesburg and the United Kingdom at the following addresses: Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg, 2001. (P.O. Box 61051, Marshalltown, 2107), South Africa, or Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ, England.

Each shareholder concerned in FREE STATE SAAIPLAAS GOLD MINING COMPANY LIMITED may vote in person at the Meeting or may appoint anyone else (who need not be a member of the Company) as a proxy to attend, speak and vote in place of that shareholder. Forms of proxy have been sent to all the shareholders concerned and additional forms may be obtained at the offices of the transfer secretaries to the Company. Each signed proxy must be lodged in accordance with the instructions set out therein.

In terms of the abovementioned Order of the Supreme Court, Mr. Rowland Huntley Reast, or failing him any one of the partners of Webber, Wentzel & Co. nominated by that firm, will act as Chairman of the Meeting, and in the event of the Scheme being agreed to by the requisite majority in terms of Section 311 of the Companies Act, No. 61 of 1973 (as amended) will report the result to the Supreme Court of South Africa (Witwatersrand Local Division) on Tuesday, 4th August, 1981.

The Scheme of Arrangement is subject to its being sanctioned by the Supreme Court of South Africa (Witwatersrand Local Division) and to the conditions set out therein.

WEBBER, WENTZEL & CO.
11th Floor,
Standard Bank Centre,
78, Fox Street,
JOHANNESBURG.

1st July, 1981.

EDUCATIONAL

Cambridge Centre for Sixth-Form Studies

Mount Pleasant, Cambridge CB3 0BL

Tel: (0223) 316890

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For details please get in touch with Hilary Kirby or Paul Redhead

ART GALLERIES

AGNEW GALLERY, 43, Old Bond St., W.1. 629 6176. LIFE AND LANDSCAPE IN BRITAIN 1670-1770. Until 31 July. Mon.-Fri. 9.30-5.30. Thurs. until 7.

COLNAGHI, 14, Old Bond Street, W1. 01-491 7408. Exhibition: OBJECTS FOR A "WUNDERKAMMER." Mon.-Fri. 10-5.30.

COLNAGHI ORIENTAL, 14, Old Bond St., London, W1. 01-491 7408. GODS, GARDENS AND ELEPHANTS. Until 17 July. Mon.-Fri. 10-5.30.

DAVID CARRITT LTD. & RICHARD NATHANSON, 15, Duke Street, St. James's, W1. ALFRED SISLEY. Until 11 July. Mon.-Sat. 10-5. 01-930 8733.

MARLBOROUGH, 6, Albemarle St., W1. OSKAR KOKOSCHKA (1886-1980) Memorial Exhibition until 31 July. Mon.-Fri. 10-5.30, Sat. 10-12.30.

MATHAF GALLERY, 24, Motcombe Street, London, SW1. Tel. 235 0010. Exhibition of Arabian Paintings by Theodore Frere.

LEFEVRE GALLERY, 30, Bruton St., W1. 01-493 1572/3. 20th CENTURY WORKS ON VIEW. Mon.-Fri. 10-5.

WILDENSTEIN: Consulat — Empire — Restoration. Art in early XIX Century France. From 17th June through July. Weekdays 10-5.30, Saturdays 10-12.30. 147, New Bond Street, London, W1.

HEIM GALLERY, 59, Jermyn St., SW1. ART AS DECORATION. Mon.-Fri. 10-5.30.

THACKERAY GALLERY, 18, Thackeray St., Kensington Sq., W8. 937 5883. Summer Exhibition of Paintings & Watercolours Part 1. Until 31 July.

LUMLEY CAZALET, 24, Davies St., W1. 499 5058. Opens Today LA BELLE EPOQUE—Etchings and Dry Points.

WHITECHAPEL ART GALLERY, Whitechapel High Street. 01-377 0107. To 16 August: GILBERT & GEORGE—Photo-pieces 1971-80. 11-5 Sun.-Fri., cl. Sat. Adm. Free. Tube Aldgate East.

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Jeremy Stone reports on how the big groups are faring as consumer spending falls

Sharper edge to retail competition

AN AURA of gloom has descended over UK retailing recently as the squeeze on consumer disposable income continues to hurt sales volumes.

In the past few weeks, the chairmen of major companies in the sector have issued stark warnings of more difficult times. On the Stock Exchange, stores shares have been falling despite a modest rise in the market as a whole.

UK living standards probably started falling at the end of last year although it was not until April that the tax and prices index began growing faster than incomes.

In recent weeks, there have been fresh indications that consumer spending has begun falling. For the first time this year, the FT survey of consumer confidence showed last week that the greater number of people now think it is a bad time to buy durables. Most people also expect their real disposable income to fall.

Last week, Mr Selim Zilka, chairman of Mothercare, said at the group's AGM that sales since the end of March were running 3.2 per cent lower than a year earlier. He declined the traditional vote of thanks on the grounds that the directors did not deserve it after such a performance.

The following interviews this week with a number of leading retailers suggest that few are doing more than hold their own, in real terms, and keeping volumes and margins at something like 1980 levels. But no simple picture emerges. All find that thin demand has sharpened competition; some are happier in these conditions than others.

British Home Stores made it clear to shareholders at Wednesday's annual meeting that group trading was difficult in the current year. Sir Jack Callard, the chairman, reported that although turnover in the opening months of the current year was ahead of the same 1979-80 period the increase was below the target set by the group at the start of the year.

"There has been no uplift in volumes." Mr T. Lenthall, a director of BHS, said earlier this week. Nor was there any sign that sales were set for a rise in the near future. There had been minimal increases over the past year in BHS's selling and suppliers' prices.

Productivity was being sought through national wastage, without redundancies. The biggest pressure on costs, after a 10 per cent wage settlement, is coming from the public sector. Mr Lenthall said: "You can cut staff back if you want, though it may then be impossible to operate the stores. You can't stop paying the rates."

Mr Robert Thornton, chairman of Debenhams, remained optimistic about his group's sales saying he expected a "very material increase" this year. He admitted, however, that sales in the fashion sector were down, especially compared to household product sales which he says are holding up well. Mr Thornton attributed the fall-off in fashion sales to the gloomy May and June weather which had allowed women to forget about replenishing their stock of summer T-shirts and dresses.

As a result, Harvey Nichols would bring forward its midsummer sales, although other

'You can't stop paying the rates'

Debenhams stores would hold their sales as planned.

Debenhams said price increases on its merchandise were being kept below the overall rate of inflation. As a result, gross margins were being squeezed.

Mr. Ralph Aldred, managing director of Freemans, the mail-order house, confessed to feeling "reasonably relaxed, considering the circumstances" although he still expected a very difficult autumn.

Increases from suppliers had been very low throughout the last year — at 5 to 7 per cent — and would probably remain so for the rest of 1981. The same applied to Freemans' own prices. At the same time, sales had "tracked along the sort of line" established in the first three months of the year — an increase of about 11 per cent. It was a very bumpy trend, however. May had been good, after a poor April, but sales had again turned down in the second half of June.

There has been a marked move back in favour of clothing and footwear. "Some areas of durables" said Mr. Aldred, "are proving quite sticky."

J. Hepworth, the menswear and shoe retailers which recently announced a 21 per cent fall in pre-tax profit in the six months to February, reported that sales were flat.

"Relative to last year, there is a slight improvement," Mr J. T. Rowlay, managing director, said, "but the sticks are not as high to jump over." He said that volume of lower priced men's garments had picked up slightly as had shoe sales, but men's suits were still well down.

Price inflation was almost non-existent in shoes and in single figures on men's clothes, but the company was suffering cost inflation of about 10 per cent to 12 per cent, most of it from public sector charges.

"I'm afraid I can't get terribly excited in the short term. The only slight sign of improvement is that some suppliers seem to be building up their order books and we can't get things as quickly as we could a few months ago," Mr. Rowlay said.

John Lewis's weekly Gazette reveals that its department store sales after 20 weeks were 10.1 per cent ahead of the 1980 figure. The week ending June 20 was 13.3 per cent ahead of the corresponding week, in money terms.

Mr. Michael Miller, deputy director of trading, said that the sales figures were boosted this year by a new store in Bristol. But even allowing for that, "we seem to be keeping just ahead of the game." Out of eight merchandise categories, only dress materials was showing a decline—7.5 per cent—over last year. And some others were expanding fast enough to keep ahead of inflation. Fashion accessories (up 14.5 per cent) were followed closely by

'One learns to cover the ground with a smaller team'

cosmetics and stationery (13.4 per cent) and hard furnishings (13 per cent).

Aiming to keep a very tight grip on costs, Mr Miller said that John Lewis was "not looking for more people." But nor was it pushing people out. Currently, the rate of staff turnover was lower than for many years. "It is surprising how one learns to cover the ground with a smaller team."

In the field of electrical appliances Comet Radiovision said it was managing to do reasonably well, while Currys complained that its customers were feeling the pinch.

At Comet, Mr Richard Pears, managing director, said of the group's 164 electrical outlets, "we find it hard to understand why, but sales are holding up very well."

One reason why Comet was steering an even course was the boom in the sale of small-screen television sets and other video equipment. This could be a result of the Royal Wedding market. "I haven't shot out to buy a new television because Prince Charles is getting married, but apparently people are doing so," Mr Pears said.

At the other end of the High Street, Currys seems to be suffering more. "The current year is considerably more difficult than last year," said Mr Colin Sandford, group commercial director.

"In the second year of a recession, the consumer really begins to feel it," he added. As a result, Currys' sales volume is just level-pegging and price inflation is about 5 per cent, the same rise as the increase in the group's supply costs.

According to Mr Sandford, life at Currys' 490 electrical appliance shops and 16 Bridgets discount warehouses has been unexciting over the past few months. Any growth this year will come from physical expansion at Bridgers (which has doubled the number of its outlets in recent months) and from an increasing rentals business at Currys shops and at 12 Carousel specialist rental outlets.

Mr Derek Hunt, of MFI Furniture, which specialises in low-cost, flat pack furniture, said the recession was definitely having an effect on the group, but no worse than already expected.

Current sales were down 2 to 3 per cent against the level a year ago, he said. With this in mind, MFI was bringing forward its summer sale by two weeks and was starting a six-week sale on July 16.

Since the end of January MFI has laid off 300 workers, around 10 per cent of its total staff.

Sears Holding reported that overall sales are "somewhat better" this year, but like Debenhams, it has noticed a distinct decline in the fashion sector. Again, Sears blames the downturn on the miserable May and June weather. "When the sun shines, women buy summer shoes. In the rain, the inclination disappears," said Mr Leonard Sainer, chairman. Sales of raincoats, he pointed out, are buoyant.

Additional research by Alan Friedman, Carla Rapoport and Ian Rodger.

WORLD STOCK MARKETS

NEW YORK

Stock	July 1	June 30
Carp Tech	49⅝	50
Carter Hawley	19⅝	19¼
Caterpillar	65¾	65⅝
Celanese Corp	66¾	66⅝
Centex	33¾	34¾
Central & Sw.	14¼	14⅛
Central Soya	12⅝	12⅝
Central Tel Util	29⅝	30¼
Certain-teed	16	16
Cessna Aircraft	32	32¼
Champ HomeBld	3¼	3⅛
Champ Int	25⅜	25½
Champ Sp Plug	11	10⅝
Charter Co	10¾	11¼
Chase Manhatt'n	54¼	53¾
Chemical NY	57¾	57¾
Cheese Pond	35	35⅜
Chicago Pneum	23½	23⅝
Chrysler	6¾	6⅝
Chubb	48⅜	48½
Cincinnati Mil	40	40¼
Citicorp	26⅝	27
Cities Service	49⅞	52¼
City Investg	27⅞	28⅜
Clark Equipment	33⅞	33⅝
Cleve Cliffs Iron	37⅞	38
Clorox	11⅝	11⅜
Cluett Peaby	13¼	13½
Coca Cola	34½	34¾
Coca Btl.N Y	9½	9¼
Colgate Palm	16⅞	17½
Collins Aikman	12⅝	12
Colt Inds	59¼	59⅝

Stock	July 1	June 30
GAF	14¾	14¾
GATX	36¾	37½
Gannett	38¾	40⅝
Geico	25½	26½
Gen Am Invest	20⅜	20¼
Gen Cinema	36¼	37⅛
Gen Dynamics	32⅝	32⅜
Gen Electric	60¾	61⅞
Gen Foods	30⅞	30⅞
Gen Instrument	112½	115½
Gen Mills	36½	37⅞
Gen Motors	52⅝	53
Gen Portland	39¼	38¼
Gen Pub Utilities	5¼	5¼
Gen Signal	44	45⅞
Gen Telep Elec	29¼	29⅝
Gen Tire	28¾	29
Genesco	9	9¾
Genuine Parts	32⅝	32⅝
Georgia Pac	27⅜	27⅜
Geosource	53⅛	52⅛
Gerber Prod	30½	30⅜
Getty Oil	67⅛	69¼
Giddings Lewis	25¾	26¾
Gillette	33	33⅞
Global Marine	21⅜	21⅞
Goodrich (BF)	25⅝	25⅞
Goodyear Tire	18⅞	19
Gould	30	30⅛
Grace	46	45⅛
Grainger (WW)	41¼	41⅞

Stock	July 1	June 30
Mfrs Hanover	38	[illegible]
Mapco	34⅛	[illegible]
Marathon Oil	58⅝	[illegible]
Marine Mid	20¼	20¾
Marriott	42⅜	42¼
Marsh McLenn	37¾	39½
Marshall Field	15⅝	15¾
Martin Mtta	67¼	65
Maryland Cup	39	39¼
Masco	38⅞	39½
Massey-Fergn	3¼	3
Mass Mutl Corp	15⅛	15⅝
Mattel	8¼	8¾
May Dept Strs	30	30⅜
Maytag	27¾	28
McCulloch	15¼	15½
McDermott (JR)	31	31½
McDonald's	64⅝	64¾
McDonnell Doug	39	39⅝
McDonough	44⅛	44½
McGraw Edison	42½	42⅞
McGraw-Hill	51¾	51¾
McLean Trukg	9⅞	10
Mead	29¾	30⅜
Media Genl	37⅞	38¼
Medtronic	33⅞	35
Mellon Natl	38	37¾
Melville	43¼	43¾
Memorex	10⅞	10¾
Mercantile Sts	49⅛	49
Merck	93	92½
Meredith	63¼	63½
Merrill Lynch	38⅛	38⅜

Stock	July 1	June 30
Rexnord	17¾	17¾
Reynolds (RJ)	45	44¾
Reynolds Mtls	32¾	33⅞
Rite Aid	32⅞	34¼
Roadway Exps	46¾	46¾
Robins (AH)	12¾	12⅝
Rochester Gas	12⅞	12⅞
Rockwell Intl	37⅛	36⅛
Rohm & Haas	70	70⅝
Rollins	18	17½
Rolm	34¾	36
Roper Corp	14½	14½
Rowan	15⅝	16¼
Royal Crown	15¾	16
Royal Dutch	31⅝	32¼
Rubbermaid	34⅞	35½
Russel Styr	16¾	16¾
Ryan Homes	23⅞	24⅜
Ryder System	34¾	35
SFN Companies	23½	23½
SPS Technol'gies	32½	32⅝
Sabine Corp	44⅞	44⅞
Safeco	43¾	40⅝
Safeway Stores	31	31½
St. Joe Minerals	41⅜	41½
St. Paul Cos	44⅞	44
St. Regis Paper	35	35⅛
Santa Fe Inds	25⅝	26¼
Santa Fe Intl	22¼	22¾
Saul Invest	9	9
Saxon Inds	5⅛	6
Schering Plough	34⅝	34¼

Stock	July 1	June 30
Warner Comms	51	51
Warner-Lambt	22½	22¾
Washington Post	26¾	27¼
Waste Mangt	36⅞	35
Weis Mkts	37⅛	37¼
Wells Fargo	32⅞	33
W. Point Peppl	49¼	49¼
Western Airlines	10⅞	11½
Westrn Bancorp	42¾	43⅜
Westn. Nth. Amr	23⅝	22½
Westinghouse	30¼	30⅜
Westvaco	26½	27
Weyerhaeuser	34⅝	36¼
Wheelabratr F	53¼	52
Wheeling Pitts	37¼	37⅞
Whirlpool	27½	27½
White Consoltd	33	33⅜
White Motor	1½	1½
Whittaker	41⅞	42⅜
Wickes	14½	14⅝
Williams Co.	27⅛	27⅝
Winn-Dixie Str	34½	34¾
Winnebago	4⅝	4⅞
Wisc Elec Power	24¾	25
Woolworth	25¾	26¼
Wrigley	39¼	38¾
Wyly	12⅝	12½
Xerox	52¼	53¾
Yellow Frt Sys	19	19
Zapata	25¾	26¼
Zenith Radio	18⅝	19

Fresh early Dow fall of 5.6

NEWS OF higher interest rates caused a further decline on Wall Street in fairly active early dealings yesterday.

The Dow Jones Industrial Averagewas 5.62 weaker at 562.04 at 1 pm, extending its fall so far this weekto 30 points. The NYSE All Common Index, at 12.30 pm, had receded 26 cents moreto $75.11, while rises outscored falls by a nine-to-five ratio.

Chase Manhattan Bank raised its Prime Rate to 20½ per cent from 20 yesterday morning. The recent firmness in short-term interest rates also prompted a few banks to increase their broker loan rates. Chemical raised its rate to 20½ per cent from 20 and Chase Manhattan and Marine Midland increased their rates to 20¾.

Analysts noted that the market is looking ahead to next Tuesday's Federal Open Market Committee meeting for clues to Federal Reserve policy. However, more analysts do not expect any major changes in monetary policy to result.

Conoco, the most active issue, gained ½ to $69. Among other actives, **Kaneb Services** rose 1½ to $22¼ and **Illinois Power** ¼ to $18¾, but **American Telephone** slipped ⅛ to $54¾. **Wheelabrator-Frye** lost ½ to $51⅜.

THE AMERICAN SE Market Value Index was down 2.19 at 369.69 at noon.

Canada

Most sectors were easier-inclined in moderate trading yesterday morning. The Toronto Composite index fell 19.7 to 2341.4 at mid-day, while Oil and Gas lost 62.8 to 5,077.2, but Golds recovered 53.6 to 3,627.0.

Tokyo

After a fresh show of strength in early trading, the market ran into intense profit-taking, but managed to close with a slight majority of gains.

The Nikkei-Dow Jones Average established a new all-time high of 7,945.27 at the morning close, before finishing with a net improvement of 9.63 at 7,904.56. The Tokyo SE index was up 0.60 on balance at 587.67, while advances edged declines at the close by 325 to 314 after a fairly active business of 430m shares (560m).

Brokers said investors are becoming increasingly cautious in the face of the share price upsurge, but predicted that it is likely the market will maintain the upward momentum for some time to come.

The market has been rising *chiefly on specualtion of an improvement in corporate earnings* and in the country's fundamental economic factors, such as the *current account balance*, according to brokers, and generally resisted downward pressure generated by recent weakness on Wall Street due to high U.S. interest rates.

Stocks of companies making such equipment for office automation as computers, facsimile machines and word processors were popular. Precision Instruments also gained ground, including **Konishiroku**, up Y8 at Y798, **Olympus**, Y80 stronger at Y1,630, and **Minolta**.

Consumer-related shares also performed well, including **Kirin Brewery**, **Wacoal**, Y23 dearer at Y810, and **Renown**, Y15 higher at Y544.

Brokers said attention was focused on the stocks which have not shown significant movements in recent sessions in the midst of the general upsurge.

Machine Manufacturers lost further ground. They have been weak in recent days because of Press reports that the market is now flooded with machining centers.

Light Electricals and large-capital issues ended on a mixed note.

Germany

Bourse prices sustained an early setback after the recent good rise, but a return of foreign buyers later in the session left the market rather mixed on *balance*. *The Commerzbank* index, which is based on prices ruling before the close, recorded a decline of 3.9 at 742.1, after

Motors mainly furtherstrengv reaching a 1981 high on Wednesday.

Motors mainly further strengthened, with **Daimler** adding DM 5 at DM 351.50xd and **Mercedes** DM 9.20 at DM 322.

AEG Telefunken revived a little from Wednesday's fall of DM 4.30 to a record low, gaining DM 1.40 at DM 44.10 after the *Board gave assurances that it* plans no further capital reshuffle. Elsewhere in Electricals, **Siemens** put on DM 2.20 to DM 254.50 *and* **BBC** *DM 4 to DM 278.*

Paris

Shares *further retreated* across a broad front in another calm session. Falls outpaced rises in the French section by *130 to 44.*

The lack of confidence was attributed to the latest economic forecasts by the French Government, which indicate a growth of only 0.5 per cent in Gross Domestic Product this year and an average annual rate of inflation of 13.5 per cent. Also depressing sentiment was a survey carried out by the National Statistics Institute in June, which found that French industrialists remain very pessimistic about the economic outlook in France.

Hong Kong

The market opened firmly yesterday after Wednesday's holiday closure, but subsequently declined to leave most stocks modestly easier on the day.

The Hang Seng index lost 6.58 to 1,727.78, although combined turnover on the four exchanges expanded to HK$680.40 changes expanded to HK$680.40m from Tuesday's total of HK$497.28m.

Dealers said profit-taking began to emerge mid-morning, continuing into the afternoon with prices falling at an accelerated pace. Some losses were partially recovered, however, towards the close.

Trading was described as "*quite active*," with no special factors beyond the continuing phase of consolidation after recent market firmness, coupled, perhaps, with some share selling to meet margin requirements in a falling Gold market.

Bright exceptions were *Jardine Securities and Hang Seng Bank*, which gained 50 cents and HK$5 respectively to HK$21.50 and HK$142. Dealers attributed *activity in Jardine Securities to* continuing rumours of a move by **Jardine Matheson**, down 50 cents to HK$24.50, to buy out *minorities.* There were no special factors relating to Hang Seng, although dealers noted the shares traded thinly, perhaps exaggerating interest.

Australia

Markets were mixed, with *generally small movements after* quiet trading.

The prospect of continuing high interest rates helped **CBC Bank** rise 14 cents to A$6.84 and **National** 11 cents to A$2.83. **BNS Wales**, however, shed 5 cents to A$3.20 and **ANZ** 6 cents to A5.24 *as profit-takers* capitalised on recent gains.

Johannesburg

Golds recovered from their early lows to close mixed after moderate two-way trading, still responding to Bullion price movements. Among Heavyweights, **Kloof** gained R1.25 to R20.25, but **Randfontein** eased R1.50 to R47.00.

Closing prices for North America were not available for this edition.

Indices

NEW YORK —DOW JONES

	July 1	June 30	June 29	June 26	June 25	June 24	1981 High	1981 Low	Since Cm'pil't High	Since Cm'pil't Low
♦Industr'ls	967.66	976.88	964.69	992.87	996.77	998.36	1024.05 (27/4)	951.57 (13/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds	60.05	60.47	60.79	60.92	61.03	61.38	65.78 (15/1)	56.37 (7/5)	—	—
Transport	412.46	415.18	414.98	419.37	422.29	424.08	447.38 (16/4)	379.18 (20/2)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities	107.49	107.98	108.66	108.79	109.58	108.92	117.81 (5/1)	103.99 (5/5)	165.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000-†	43,080	41,660	37,930	32,240	43,920	46,960	—	—	—	—

♦Day's high 978.98 low 963.28

Ind. div. yield %	June 26	June 19	June 12	Year ago (approx)
	5.50	5.48	5.48	6.99

STANDARD AND POORS

	July 1	June 30	June 29	June 26	June 25	June 24	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	146.85	147.68	148.25	149.04	149.29	148.98	157.02 (6/1)	145.76 (2/2)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	128.77	131.25	131.69	132.66	132.81	132.66	138.12 (6/1)	126.58 (20/2)	140.52 (28/11/80)	4.40 (1/6/32)

	June 24	June 17	June 10	Year ago (approx.)
Ind. div. yield %	4.74	4.73	4.76	4.99
Ind. P/E Ratio	8.98	9.51	9.46	7.79
Long Gov. Bond yield	12.92	13.48	12.56	9.77

N Y.S.E. ALL COMMON

July 1	June 30	June 29	June 26	1981 High	1981 Low
75.37	76.15	76.58	76.97	79.14 (6/1)	72.45 (20/2)

Rises and Falls	July 1	June 30	June 29
Issues Traded	1,898	1,906	1,899
Rises	426	483	484
Falls	1,134	1,054	1,051
Unchanged	338	369	364
New Highs	11	30	37
New Lows	24	22	16

MONTREAL	July 1	June 30	June 29	June 26	1981 High	1981 Low
Industrials	(c)	401.52	398.89	408.94	403.58 (27/5)	356.26 (20/2)
Combined	(c)	369.79	368.12	375.82	376.16 (27/5)	359.54 (20/2)
TORONTO Composite	(c)	2361.1	2361.4	2366.5	2378.8 (19/4)	2151.4 (20/2)

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Conoco	1,416,500	68½	+3⅛	Texas Utl.	466,800	20⅛	−⅛
Sears Roebuck	713,500	18½	−⅛	Texasgulf	451,400	47	−⅛
Am. Tel. & Tel.	567,200	55	−1⅛	Sony	437,600	20¼	+⅛
Marathon Oil	546,300	58⅝	−2⅝	Exxon	437,300	34⅛	−⅛
Reynolds Inds.	544,400	45	—	IBM	395,300	58⅞	−1

	July 2	July 1	June 30	June 29	1981 High	1981 Low
AUSTRALIA						
All Ord. (1/1/80)	701.5	698.9	698.8	698.7	737.5 (6/4)	641.1 (17/2)
Metal & Minrls. (1/1/60)	577.7	574.0	574.5	576.5	755.2 (7/1)	564.9 (5/5)
AUSTRIA						
Credit Aktien (2/1/62)	58.88	59.17	58.78	59.31	66.45 (5/1)	58.78 (30/6)
BELGIUM						
Belgian SE (31/12/63)	74.20	74.40	75.85	75.52	86.15 (17/2)	69.55 (16/6)
DENMARK						
Copenhagen SE (1/1/73)	117.42	115.27	115.77	115.27	117.42 (2/7)	95.88 (2/1)
FRANCE						
CAC General (29/12/61)	78.8	80.2	81.0	81.2	112.5 (17/3)	77.3 (16/6)
Ind Tendance (31/12/80)	81.3	82.1	83.6	82.4	106.8 (13/3)	79.2 (12/6)
GERMANY						
FAZ-Aktien (31/12/58)	241.08	242.17	240.34	239.06	242.17 (1/7)	215.88 (9/2)
Commerzbank (Dec. 1953)	742.1	746.0	739.0	736.1	746.0 (1/7)	666.4 (16/2)
HOLLAND						
ANP-CBS General (1970)	95.5	94.0	94.6	94.7	98.2 (24/6)	85.7 (2/1)
ANP-CBS Indust. (1970)	74.0	74.1	74.5	74.3	76.4 (22/6)	62.8 (2/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1727.78	(c)	1734.36	1758.94	1780.55 (12/6)	1295.44 (11/3)
ITALY						
Banca Comm Ital (1972)	225.19	228.21	230.58	231.76	292.05 (5/6)	175.86 (6/1)
JAPAN						
Dow Average (16/5/49)	7904.46	7894.93	7867.42	7861.73	7904.56 (2/7)	6956.52 (16/3)
Tokyo New SE (4/1/68)	587.67	587.07	586.15	585.32	587.67 (2/7)	495.79 (5/1)
NORWAY						
Oslo SE (1/1/72)	119.01	118.74	118.75	116.10	127.57 (4/6)	110.34 (8/6)
SINGAPORE						
Straits Times (1966)	846.73	869.63	867.60	866.06	973.26 (26/5)	659.61 (2/1)
SOUTH AFRICA						
Gold (1958)	(u)	476.9	475.7	476.7	797.6 (7/1)	475.7 (30/6)
Industrial (1958)	(u)	592.3	595.7	598.4	655.5 (1/5)	537.2 (5/2)
SPAIN						
Madrid SE (30/12/80)	132.58	134.58	136.25	(c)	141.40 (17/6)	100.46 (2/1)
SWEDEN						
Jacobson & P. (1/1/58)	591.84	581.91	576.49	577.27	591.84 (2/7)	404.17 (20/1)
SWITZERLAND						
SwissBankCpn. (31/12/58)	287.4	288.5	288.2	287.1	304.2 (2/4)	279.8 (27/5)
WORLD						
Capital Intl. (1/1/70)	—	153.2	154.6	165.1	162.3 (6/1)	149.8 (17/2)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000 the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON STOCK EXCHANGE

Equities and Gilts idle under shadow of weak sterling
Special situations claim most attention—Golds up again

Account Dealing Dates

Option *First Dealings	Declara-tions	Last Dealings	Account Day
June 15	June 25	June 26	July 6
June 29	July 9	July 10	July 20
July 13	July 23	July 24	Aug 3

* "New-time" dealings may take place from 9.30 am two business days earlier.

The main investment sectors in stock markets again traded quietly yesterday with continued weakness in sterling the dominant factor. Gilt-edged gave further ground but, by only modest amounts compared with Wednesday, mostly ending ¼ lower; some 1983-86 stocks showed falls of ¼ to ½. Trade in the longer-dates was again subdued on talk of another issue of index-linked stock. After the previous day's loss of 0.53, the Government Securities index held at 65.51, with late sentiment helped by the Chancellor's proposals to recoup lost diesel oil revenue.

The equity leaders eased progressively in a thin trade and the FT 30-share index ended at the day's lowest but only 2.8 down at 540.9 after the previous three-day rise of 7.8. Of the constituents, GEC attracted a flurry of interest in the late business after results which matched best estimates.

Otherwise, interest was again centred on special situations. Commercial Union were pushed up on talk of a "dawn-raid" and took other composite insurances higher in sympathy. Banks, on the other hand, saw a little more profit-taking after recent buoyancy on bid and merger hopes. As expected after the luke-warm reception of the recent offer, the hived-off KCA Drilling got off to a poor start and closed at 80p, a discount of 15 on the offer price. In contrast, Common Bros, came out of suspension at 311p and, in a thin market, resumed at 380p following the Norex deal.

In the late trade, the Chancellor's proposed duty increases caused Grand Metropolitan and Imperial Group to turn lower.

Gold shares again held up reasonably well with the Gold Mines index recovering another 5 points to 279.8 despite yesterday's further fall in the bullion price.

First-time dealings in Inco's sterling bond, the first to be floated by a private sector company in many years, saw the 13¾ per cent 2006 stock command a premium in £25-paid form; after opening at 25¼, the bond eased to close at 25⅛. Mid-Kent Water 9 per cent Preference made a quiet debut at par in £10-paid form.

London Traded options attracted 1,547 contracts yesterday which comprised 1,447 calls and 100 puts. Reflecting bid speculation, Commercial Union attracted a good interest with 417 calls done.

Among recently-issued equities, Staneleo rose 4 to the highest yet of 90p. Star Computers were similarly better at 202p.

CU below best

Composite Insurances returned to favour on revived bid hopes. Although a rumoured dawn raid for the group failed to materialise, Commercial Union were particularly active in the early dealings and touched 172p before closing a net 8 up on the day at 170p. Eagle Star, in which the German concern Allianz holds a 28.1 per cent stake, rose 6 to a 1981 peak of 317p, while Phoenix were similarly dearer at 288p. Sun Alliance jumped 22 to 916p and Royals gained 4 at 386p. Reflecting the current strength of the dollar, Lloyds Brokers edged higher. Alexander Howden improved 3 to 128p as did Willis Faber, to 358p, while Hogg Robinson, 111p, and Stenhouse, 95p, hardened 2 apiece.

Profit-taking in the wake of the recent good rise on U.S. bid hopes clipped 6 from Lloyds to 398p. Elsewhere in the banking sector, Discount Houses made progress in places with improvements of 7 and 12 respectively seen in Alexanders, 285p, and Union, 480p. Still awaiting news of the bid approaches, Arbuthnot Latham relinquished 5 more to 340p but Dunbar, which last week announced the acquisition of Tower Fund Managers Ltd, rose 25 more in a thin market to 525p. Schroders firmed 12 to 422p. Among Hire Purchases, FNFC remained active on bid hopes and touched 37¼ before closing unaltered at 36½p.

Scottish and Newcastle fell 2½ to 64½p following annual results below some of the more optimistic forecasts, but secondary Breweries were featured by a late rise of 12 to 337p in Burtonwood in response to the preliminary statement. Elsewhere, demand ahead of the annual results, due shortly, lifted Distillers 7 to 233p. Dealings were temporarily suspended in Amalgamated Distilled Products at 86p.

Isolated features in Buildings included John Laing, up 6 at 51p, reflecting belated consideration of the chairman's view of prospects, and International Timber, which gained 4 to 89p; the price of the latter in yesterday's issue was incorrect. Elsewhere, Aberthaw Cement were raised 10 to 315p.

A Press reference to the company's growth over the past few years encouraged support of International Paint, which jumped 13 to a year's peak of 153p. New 1981 highs were also made by Allied Colliod, 150p, and Stewart Plastics, 136p, both around 5 dearer.

British Home down

British Home fell 6 to 148p in Stores following the chairman's remark at the annual meeting that the group was experiencing difficult trading in the current year. Mothercare drifted down 4 to 204p and Marks and Spencer lost the turn to 125p. Elsewhere, Currys remained friendless at 196p, down 10, while James Beattie A shed 7 to 158p and Cornell Dresses, 173p, and John Menzies, 240p, lost 5 apiece. Court Bros A, on the other hand, rose 9 to 86p and Peters revived with a rise of 4 at 124p. Buyers returned for Martin Ford, 3 up at 26p, but Lincroft Kilgour dealings were suspended at 34p prior to the announcement stating that talks are going on which may lead to the sale of a substantial part of the group.

GEC traded relatively quietly around the overnight level before improving to close a few pence dearer at 743p following preliminary results at the top end of expectations. Other leading Electrical issues followed the overall slightly easier trend. Racal closing 4 off at 422p and Thorn EMI a similar amount down at 396p. Elsewhere, John Hadland reacted 10 to 150p, while Berec eased 4 to 56p and Ward and Goldstone 4 to 102p. Dealings in United Scientific were temporarily suspended at 448p; the company announced yesterday that agreement had been reached with BL for the purchase of Alvis Ltd for £27m; the purchase consideration is to be realised by way of a rights issue, details of which will be announced later.

Among the scattered features in the Engineering sector, Haden Carrier advanced 18 to 193p following news of the West German acquisition, but Birmingham Pallet contrasted with a fall of 8 to 58p on the poor interim results, while Bromsgrove Castings eased a penny to 45p following the preliminary statement. Early buying interest lifted Wellman Engineering to 54p before the price settled at 53p, up 4.

Second thoughts about the chairman's remarks on current trading prompted profit-taking in J. Sainsbury and the close was 9 down at 425p. After-the-event selling was also a factor in Avana, which olst 5 more at 288, and S. and W. Berisford, which fell 7 to 127p on its failure to acquire British Sugar, unchanged at 330p, after 325p.

The Chancellor's intention to increase the betting levy set Grand Metropolitan back 4 to 216p.

Sangers better

Secondary issues provided the main focal points in miscellaneous industrials. Renewed speculative buying on revived bid hopes lifted Sangers 7 to 70p, while Standard Industrial added 10 to 67p folowing demand in a thin market. William Press moved to a 1981 peak of 80p before colsing a net 3 higher at 79p on news that a number of the group's executives had been cleared of fraud charges. Richmond Park Laundry found suport at 98p, up 6, hwile Royal Worcester put on 7 to 270p and Western Board Mills added 5 to 133p. Still reflecting the disappointing first-half figures, Granada A dipped 8 more to 238p, while Foseco Minsep ran into selling and lost 6 at 252p. Thermal Syndicate closed unaltered at 108p, after 160p. following uninspiring interim figures. Of the narrowly mixed leaders, Glaxo put on 4 to 370p and Unilever hardened 2 to 578p.

Intasun were again supported abehad of next Tuesday's figures and settled 4 up at 74p.

A lull in the recent sustained demand signalled a reaction in Flight Refuelling, which closed 9 down at 378p, and in Dowty, 6 lower at 298p. Among Garages, Lex Service put on 4 to 112p; for the past two years the interim figures have been announced in July.

Hopes that the offer document would contain an increased bid for William Collins A triggered a rise of 12 to 167p; the revised bid of 165p per share came well after the close of the market. Further selling took Associated Newspapers down 8 to a low for the year of 230p; the latter's interim results are due on July 15. Saatchi responded to the Dorland acquisition by rising 8 to 325p, but the Monopolies Commission recommendation that the British Posters consortium should be disbanded, lowered Mills and Allen 13 to 455; A firm market since the chairman's encouraging remarks earlier in the week. Brunning moved up 5 to 82p, while the restricted-voting gained 7 to 80p.

Leading Properties eased after the recent advance, but the losses were usually small. Among secondary issues, Trust Securities added 12 in a thin market to 378p.

KCA drilling debut

First-time dealings started yesterday in KCA Drilling: offered for sale at 95p, the 25p Ordinary shares opened at 85p and colsed at the day's lowest of 80p.

Among Oils, BP new nil-paid eased 3 more to 38p permium, with the HMG a similar amount lower at 23p premium. Lasmo rallied 11 more to 556p as recent rights issue rumours faded, but NCC Energy closed 2 lower at 128p following the preliminary figures.

Among Financials, Robert Kitchen Taylor eased 3 to 125p following comment on the interim figures, but Mercantile House encountered frech support ahead of the preliminary results and put on 18 more to 848p.

Following completion of the Siem Group deal, dealings resumed in Common Bros, at 380p compared with the suspension price of 310p.

News of the Chancellor's proposed extra inceras of 3p on cigarette duty prompted late dullness in the Tobacco sector, with Imps easing futher to close 3 down at 69p and Rothmans closing a penny cheaper at 74½p.

Golds dip and rally

Initial trading in South African Gold shares saw the recent rally peter out as the market succumbed to a fall in the bullion price following the overnight trend in the U.S. Later, however, the bullion price rallied in London and shares followed suit.

Although the bullion price was still showing a net fall of $11 at $414½ per ounce at the close, the Gold Mines index managed to show a net gain on the day of 5 points to 279.8; this following the previous two-day improvement of 12.2.

Heading gains among the heavier-priced stocks, Vaal Reefs moved up £1½ to £29 and Western Deep were ½ to the good at £17½. The new Driefontein Consolidated (representing the merger of East and West Driefontein) eased ½ to £10¾.

Elsewhere, Libanon jumped 25 to 719p with Doornfontein similarly higher at 772p. Stilfontein put on 18 to 679p. News of the mining lease granted to the enlarged Western Holdings and Welkom (the two mines are to be worked as a single operation) was not known in market hours. Prior to this, Western Holdings rose £1 to £24 and Welkom 16 to 572p.

Financials showed mixed movements with Gencor rising 20 to 855p and UC Investments losing 25 to 500p. RTZ rose 5 to 543p in active trading. In Diamonds, De Beers gained 7 further to 375p.

Scattered gains were seen in Australians, including a rise of 5 to 90p in the struggling Seltrust Holdings which is in process of making a A$50m rights issue of three-for-four at A$1 (59p).

FINANCIAL TIMES STOCK INDICES

	July 2	July 1	June 30	June 29	June 26	June 25	A year ago
Government Secs....	65.51	65.51	66.04	66.16	65.80	65.96	69.92
Fixed Interest........	67.46	67.56	67.77	67.75	67.61	67.62	71.02
Industrial Ord..........	545.9	548.7	544.8	543.9	540.9	544.8	480.1
Gold Mines...........	279.8	274.8	266.7	262.6	287.2	311.2	358.4
Ord. Div. Yield.......	5.82	5.81	5.95	5.87	5.88	5.87	7.50
Earnings, Yld. %(full)	11.61	11.59	11.67	11.70	11.75	11.70	18.15
P/E Ratio (net) (*).....	10.75	10.77	10.69	10.67	10.62	10.67	6.71
Total bargains........	17,665	19,546	18,859	20,165	21,985	19,536	22,555
Equity turnover £m..	—	104.43	115.45	115.38	144.94	136.39	169.78
Equity bargains........	—	16,029	17,652	17,115	19,295	17,926	18,492

10 am 548.0. 11 am 547.8. Noon 547.3. 1 pm 546.3. 2 pm 546.3. 3 pm 546.2.

Latest Index 01-246 8026.

* Nil=9.94.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/5)	64.94 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int...	72.01 (20/5)	67.17 (8/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind.Ord......	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (6/1)	282.5 (23/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	July 1	June 30
Daily		
Gilt Edged Bargains...	153.5	145.6
Equities Bargains...	103.9	114.4
Value........	211.1	233.3
5-day Avrge.		
Gilt Edged Bargains...	144.8	140.7
Equities Bargains...	114.1	113.2
Value........	249.2	257.0

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (79)

BRITISH FUNDS (1)
FOREIGN BONDS (1)
AMERICANS (3)
CANADIANS (2)
BANKS (7)
BEERS (4)
BUILDINGS (2)
CHEMICALS (3)
DRAPERY AND STORES (1)
ELECTRICALS (2)
ENGINEERING (3)
FOODS (5)
INDUSTRIALS (12)
INSURANCE (5)
NEWSPAPERS (1)
PAPER (2)
SHIPPING (1)
TEXTILES (1)
TOBACCOS (1)
TRUSTS (9)
OIL AND GAS (2)
MINES (3)

NEW LOWS (9)

BRITISH FUNDS (2)
Exchequer 12pc 1999-2002
Treasury 13¼pc 2000-03
BUILDINGS (1)
Brown and Jackson
ELECTRICALS (1)
Hadland (J.)
ENGINEERING (1)
Tube Invs.
FOODS (1)
Home Farm
NEWSPAPERS (1)
Assoc. News
TRUSTS (1)
London Inv.
MINES (1)
Westmor

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	10	54	30
Corpns. Dom. and Foreign Bonds ...	3	19	47
Industrials	192	249	927
Fin. and Props. ...	91	81	323
Oils	24	13	54
Plantations	—	2	21
Mines	66	25	76
Others	61	34	92
Totals	447	477	1,570

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Berisford (S. & W.)	127	−7	Haden Carrier	193	+18
Collins (Wm.) A	167	+12	RTZ	543	+5
Commercial Union	170	+8	Sainsbury (J.)	425	−9
Eagle Star	317	+6	Scottish & Newcastle	64½	−2½
FNFC	36½	—	Standard Ind.	67	+10
GEC	743	+3	Sun Alliance	916	+22

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in the SE Official List

Stock	Wednesday's No. of price changes	Wednesday's closing price pence	Day's change	Stock	Wednesday's No. of price changes	Wednesday's closing price pence	Day's change
GEC	15	740	+10	Lloyds Bk.	11	404	−1
FNFC	13	36½	+1½	Avana	10	293	−7
Plessey	13	339	+5	BOC	10	131	+4
Racal Elec.	13	426	+8	Black & Edg.	10	64	+2
RTZ	12	538	+8	BP New	10	41pm	−3
BICC	11	267	+7	Beecham	9	225	+2
GUS A	11	442	+12	Midlands Bk.	9	328	−2

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
June 22	July 3	Sept. 24	Oct. 5
July 6	July 17	Oct. 8	Oct. 19
July 20	July 31	Oct. 22	Nov. 2

For rate indications see end of Share Information Service

Money was given for the call of Tozer Kemsley, KCA Drilling, Consolidated Gold Fields, Bejam, First National Finance, Cawdaw, Charterhall, John Finlan, Rothmans, Western Areas, British Aerospace, Amalgamated Distilled Products, Montague L. Meyer, Acrow A, Hampton Trust and Royal Bank of Scotland. A put was arranged in KCA International, while a double option was transacted in Tozer Kemsley.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Thurs., July 2, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed. July 1 Index No.	Tues. June 30 Index No.	Mon. June 29 Index No.	Fri. June 26 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	357.45	+0.1	10.16	4.33	12.17	357.26	353.98	353.03	353.15	255.73
2	Building Materials (25)	307.46	+0.5	13.23	5.66	9.19	306.07	304.02	303.21	303.42	243.93
3	Contracting, Construction (28)	564.08	+0.2	16.78	5.82	6.95	562.95	558.05	552.21	553.21	366.26
4	Electricals (29)	1162.66	−0.1	7.22	2.22	17.09	1163.79	1148.08	1145.47	1146.88	710.20
5	Engineering Contractors (11)	503.52	+1.5	11.84	5.36	10.18	496.02	492.10	485.52	485.35	306.43
6	Mechanical Engineering (69)	215.89	−0.3	12.68	5.53	9.86	216.64	215.41	215.07	213.99	169.06
8	Metals and Metal Forming (13)	153.81	−0.6	10.63	7.72	12.43	154.72	154.09	154.18	154.32	164.54
9	Motors (21)	103.33	+0.5	3.64	6.76	123.63	102.84	103.06	103.24	103.21	99.94
10	Other Industrial Materials (18)	385.24	+0.4	9.52	5.19	12.63	383.58	380.47	379.92	381.64	0.00
21	CONSUMER GROUP (195)	284.19	−0.4	12.57	5.62	9.71	285.44	284.00	282.83	282.04	231.33
22	Brewers and Distillers (20)	321.06	−0.7	14.35	6.00	8.28	323.28	323.58	320.88	321.37	292.41
25	Food Manufacturing (21)	264.27	+0.1	14.76	6.26	8.15	264.11	263.05	261.74	259.10	209.65
26	Food Retailing (14)	539.68	−0.6	9.19	3.29	12.94	542.94	535.83	530.92	531.88	325.26
27	Health and Household Products (7)	341.54	+0.1	8.11	4.29	14.69	341.05	338.26	336.67	333.92	225.72
29	Leisure (22)	431.52	−1.2	11.54	4.89	10.52	436.83	437.78	433.75	432.46	335.87
32	Newspapers, Publishing (12)	507.38	+0.5	12.27	5.90	11.59	504.68	507.42	505.30	503.48	448.99
33	Packaging and Paper (13)	149.80	+0.1	14.02	7.12	8.47	149.63	148.31	145.87	145.85	131.55
34	Stores (44)	258.75	−0.9	11.13	5.11	11.77	261.08	258.61	259.29	259.02	221.24
35	Textiles (23)	162.39	−0.1	7.69	5.65	18.37	162.61	162.14	162.50	163.04	136.67
36	Tobaccos (3)	267.96	+0.3	21.58	9.26	5.32	267.18	266.32	266.43	265.06	224.53
39	Other Consumer (16)	303.34	−0.6	6.05	6.27	29.13	305.03	304.08	302.47	303.22	0.00
41	OTHER GROUPS (79)	228.90	+0.1	13.04	6.61	9.35	228.71	228.69	228.11	227.22	221.04
42	Chemicals (15)	283.31	+0.1	11.49	7.33	10.87	282.99	282.40	281.89	279.37	321.67
44	Office Equipment (6)	117.40	−0.1	15.72	7.13	7.51	117.49	117.48	115.93	115.79	107.11
45	Shipping and Transport (13)	548.39	+0.2	15.59	6.93	7.56	546.95	544.67	541.67	547.11	566.09
46	Miscellaneous (45)	299.15	—	13.14	5.57	9.30	299.04	300.12	300.25	299.05	264.80
49	INDUSTRIAL GROUP (488)	301.38	−0.2	11.71	5.25	10.46	301.95	300.14	299.13	298.60	241.60
51	Oils (12)	716.72	+0.4	23.43	8.00	4.73	713.90	711.72	715.30	711.51	824.30
59	500 SHARE INDEX	335.85	−0.1	13.69	5.71	8.68	335.34	333.50	332.85	332.07	287.57
61	FINANCIAL GROUP (118)	267.99	+0.3	—	5.46	—	267.30	267.63	263.97	261.85	221.89
62	Banks (6)	275.08	−0.5	33.33	6.59	3.50	276.47	276.46	269.91	266.27	229.92
63	Discount Houses (10)	284.78	+1.3	—	7.92	—	281.22	280.46	279.15	280.98	262.84
64	Hire Purchase (3)	259.17	−0.1	11.81	7.01	11.71	259.50	259.17	257.14	257.14	223.83
65	Insurance (Life) (10)	269.23	+0.6	—	5.62	—	267.73	268.80	265.42	264.03	216.01
66	Insurance (Composite) (9)	175.11	+1.8	—	7.28	—	172.04	174.17	171.84	170.87	151.01
67	Insurance Brokers (8)	406.80	+1.5	10.97	5.71	12.37	400.72	398.63	398.25	387.43	326.05
68	Merchant Banks (13)	179.36	+0.2	—	4.70	—	179.08	177.36	175.28	174.98	131.58
69	Property (49)	487.86	−0.6	3.63	2.83	38.32	492.02	489.35	485.83	475.44	411.94
70	Miscellaneous (10)	178.41	+0.3	17.84	5.81	6.81	177.95	177.58	177.03	176.76	136.33
71	Investment Trusts (109)	316.29	−0.2	—	4.98	—	316.80	317.03	314.52	313.11	245.06
81	Mining Finance (3)	249.21	+0.3	14.06	5.48	8.35	248.53	245.58	247.07	242.83	239.49
91	Overseas Traders (20)	450.39	−0.7	11.37	6.61	10.95	453.57	453.92	449.57	453.09	398.68
99	ALL-SHARE INDEX (750)	321.72	—	—	5.64	—	321.83	320.57	319.14	317.77	273.53

FIXED INTEREST

	PRICE INDICES	Thurs. July 2	Day's change %	Wed. July 1	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	107.77	−0.17	107.95	—	6.38
2	5-15 years	104.99	−0.10	104.99	—	7.00
3	Over 15 years	106.44	−0.22	106.57	—	7.63
4	Irredeemables	117.89	+0.27	117.63	—	[illegible]
5	All stocks	106.06	−0.13	106.19	—	[illegible]
6	Debentures & Loans	83.29	−0.41	83.99	—	5.43
7	Preference	63.49	+0.01	63.47	—	3.69

	AVERAGE GROSS REDEMPTION YIELDS		Thurs. July 2	Wed. July 1	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	12.44	12.40	11.70
2		15 years	12.95	12.97	11.70
3		25 years	13.14	13.15	11.70
4	Medium Coupons	5 years	14.34	14.25	12.99
5		15 years	14.90	14.87	13.23
6		25 years	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]
11	Debs & Loans	5 years	15.65	15.25	14.03
12		15 years	[illegible]	[illegible]	[illegible]
13		25 years	[illegible]	[illegible]	[illegible]
14	Preference		15.65	15.65	15.03

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195 St. Helier, Jersey. 0534 27561
Gilt Fund Lis.y. 91.3 91.4 ..... 14.77
Valued weekly, Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Gruneburgweg 113, 6000 Frankfurt
Investa DM34.26 36.00 +0.10 —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. June 23 $4.83 5.07 ..... —
London Agents: Kleinwort Benson. Tel: 01-623 8000

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra DM17.87 18.32 ..... —
Int. Rentenfonds DM61.06 64.64 ..... —

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau Bahamas.
NAV June 23 US$33.57 35.71 +0.58 .....

Duncan Lawrie Inv. Mgt. (Jersey)
15-17, New St., St. Helier, Jersey 0534 73637
DL Sterling 40.0 42.0 ..... 7.00
DL International $1.33 1.40 ..... 6.10

Emson & Dudley Tst. Mgt. Jrsy. Ltd.
P.O. Box 73, St. Helier, Jersey. 0534 73933
E.D.I.C.T. 162.0 173.8 ..... 2.20

The English Association
4 Fore Street, EC2. 01-588 7081
E. A. Income Fund* 66.6 70.9 ..... 7.05
E. A. Sterling* £49.31 69.34 ..... —
E. A. Equity* £70.24 74.73 ..... 1.67
Wardgate Cm. Fd.** £17.33 18.09 ..... 2.77
*Next dealing July 8. **Next dealing July 31.

Eurobond Holdings N.V.
Pietermaai 15, Willemstad, Curacao.
London Agents: Intel 15 Christopher St., EC2
Tel: 01-377 1040. Telex 8814408.
Euro Hldgs. US$20.24 20.84 ..... 9.20

S.G. Europe Obligations S.A.
9, Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury Hse, London Wall EC2M 5TA. Tel. 01-920 0776 Telex 887281
Europe-Obligations US$41.62 −0.30 1.97

F & C Mgmt. Ltd. Inv. Advisers
1, Laurence Pountney Hill, EC4. 01-623 4680
F&C Atlantic Fd. SA US$12.09 ..... 1.22
F. & C. Oriental Fd. US$24.97 ..... 0.40
Prices June 26. Weekly dealings.

Fidelity International Ltd.
P.O. Box 670, Hamilton, Bermuda.
8, Queensway Hse., Queen St., St. Helier, Jersey, C.I. 0534 71696
American Assets US$41.29 ..... 1.21
Am. Vals. Cum.Pf. $3 $101.75 +0.25 3.00
American Vals. Com.* $26.94 ..... —
Dollar Savings Trust US$81.09 +0.07 16.94
Far East US$35.08 −0.11 —
International US$45.43 ..... —
Pacific US$112.75 ..... 0.23
World US$25.22 −0.07 —
Gilt Fund 22.2 22.4 ..... 13.95

[illegible]

EEC bid to strengthen cocoa pact

THE EEC Commission has decided to step up its efforts to bring the Ivory Coast into the new International Cocoa Agreement ahead of the August 1 deadline agreed at talks in Geneva this week, Reuter reported from Brussels yesterday.

At the Geneva talks most producing countries and a few consumers, but not the EEC, decided to bring the price stabilisation pact into provisional operation in spite of the absence of the Ivory Coast, the world's biggest producer, which thinks the agreement's 110 cents a pound support price is too low.

Most consumers refused to join the agreement because they objected to sharing the burden of finance for a price support mechanism from which the Ivory Coast would derive most benefit. The Community has adopted the position that the agreement should only come *fully into effect* if the Ivory Coast can be persuaded to join.

Even provisional application of the pact was enough to send cocoa prices soaring after their recent deep depression. On Wednesday the September position jumped £111 but yesterday the *price slipped back* £15 to close at £949.5 a tonne.

NZ wool floor price set

WELLINGTON — the Supplementary minimum price (SMP) for wool to apply during the season which began yesterday has been set at 320 cents per kilo (*greasy*), up from 235c last season.

This price would apply to shorn wool and dead wool produced in New Zealand which came forward for sale during the 1981-82 wool selling season, Mr Duncan McIntyre NZ's agriculture minister said.

"The SMP for the 1982-83 season will be determined in the light of the circumstances ruling at the time but it will not be less than the 320c per kilo set for 1981-82," he said.

Wool Board chairman John McIlraith described the new price as "a realistic figure which should allow growers to maintain farm inputs and keep production moving in the right direction.

Reuter

Danish bacon price cut

BY OUR COMMODITIES STAFF

DANISH BACON should be cheaper in the shops next week. ESS-Food, the company that imports bacon from Denmark into Britain announced yesterday that it had reduced its first-hand selling price by £40 to £1,260 a tonne. The cut would *work out* at about 2p a lb over a complete side but price changes are likely to vary for different cuts.

The move was not followed by British curers and as a result British bacon is officially priced a little higher than Danish, which normally commands a premium in the market place.

FMC, Britain's biggest curer, said it was leaving its first-hand price at £1,280 a tonne. "We don't understand what the Danes have done," the company said. "If we cut our price by the same amount we would be selling bacon at a loss." The company suspected the Danes had cut their price in order to clear surplus production.

But an ESS-Food official said Danish supplies were still not back to normal following the two-week strike by slaughtermen earlier this year which had almost emptied the supply pipeline.

He explained that the price had been reduced "to liven the market up a bit." Demand had been reasonably strong so far this year, but was showing signs of slowing down a *little*, he added.

A year ago the first-hand price of Danish bacon stood at £1,260 a tonne.

● FMC announced yesterday that it is spending £1.4m this year on improvements at its meat products factories at Ipswich and Calne in Wiltshire.

Increased efficiency was necessary to ensure survival in the face of rising costs, particularly for raw materials, *energy and* distribution, and intense competition, the company said.

The improvements will result in an estimated 280 redundancies at the two factories most on the Ipswich nightshift. Some *outlying sales* and distribution depots are being closed today.

Amax strike peace talks fail

BY ROY HODSON

A MEETING of management *and unions* called by a U.S. federal mediator failed to resolve the seven-week old strike in the Amax Lead Division yesterday.

The contract talks resumed at the request of the negotiator for the first time since the 730 workers involved went on strike on June 1. No *further* meetings are scheduled between Amax Lead Company of Missouri and the unions, the United Steelworkers of America.

While the negotiations were in progress, lead closed on the *London Metal Exchanges* £2.25 down on the day's trading at £375.25 a tonne.

The London metal markets were generally quiet with prices showing a firmer tone against weaker sterling. Zinc was up £11 on the day for cash dealings at £440.

There are new hopes that a strike at the Frisco Mining Company, one of Mexico's major zinc producers could soon be settled. A company spokesman said in Mexico City yesterday that the only remaining obstacle to the stoppage which *began three* weeks ago was agreement with union representatives over *payment for* time lost by the strike. A new contract agreed will give the 2,800 workers an average 30 per cent rise. *There is no sign* of an ending, however to a parallel strike at the mines of Minerales Metalicos del Norte, *of Mexico*.

Each of the companies produces about 5,000 tonnes of zinc a month.

Another strike which halted production at the Cobre de Mexico copper plant for five weeks has ended and output is now back to normal. The plant produced 103,400 tonnes of copper last year.

The prospects for the copper and copper alloy semi-manufacturing industry in Britain are *bleaq for the remainder of* 1981 reports the British Non-Ferrous Metals Federation in its annual survey. Summing up the outlook in Britain for copper in the *short-term* the federation coments "we do not expect to achieve even last year's consumption."

Companies pull out of bauxite plan

BY CANUTE JAMES IN KINGSTON

THREE NORWEGIAN companies involved in a $650m expansion of the aluminium company of Americas (Alcoa) Bauxite Refinery here have indefinitely delayed their participation in the project.

The companies, Norsk Hydro, Ardal og Sundal Verk and Elkem, have said they will not take any decision on the project "in its present form," according to Mr Edward Seaga, the Jamaican Prime Minister and Mining Minister.

Just a month ago, Mr Seaga said he expected word from the companies soon, and that he expected construction to begin by the end of this year. The project involves the doubling of capacity of the 550,000 tonne per year plant, with Alcoa holding a 51 per cent interest, and the Jamaican Government and the three firms splitting the rest.

The companies have indicated that the present political situation in Norway, with preparations for an impending general election, prevented them from taking an investment decision. The companies, which were expected to put up about $300m for the project (Alcoas financial input would be minimal) are also reported to be concerned about the present state of world aluminium supply, and the world alumina industry.

The announcement of the firm's delay in deciding on the project comes a few days after Alcoa said it was reducing refining at the plant by about 100,000 tonnes per year because of a decrease in demand for aluminium. This means the Jamaican Government targets for increasing production substantially over the 12.5m tonnes of last year are now threatened.

Sharp fall in coffee market

By Our Commodities Staff

COFFEE PRICES fell sharply yesterday, following heavy profit-taking sales by speculators. In New York coffee futures collapsed the permissible limit down of 4 cents in early trading. In London the September position on the futures market *closed* £32.5 lower at £768 a tonne.

The decline was attributed to selling by speculators, *taking profits* on the increases during the past two days especially in New York where the market is closed today for the *Independence* Day holiday.

Encouraging the downtrend were market rumours that *Brazilian Coffee Institute* president, Sr Octavio Rainho, had resigned.

This was denied in Brazil *by a spokesman for* the Institute who said Sr Rainho was absent from a Government meeting because of a heavy cold. However it is expected that a new Brazilian coffee policy, which may not be agreed by Sr Rainho, will be announced next week.

No sign of anchovy return minister claims

LIMA — There are no signs of a return of anchovy shoals of the Peruvian coast and the state marine research institute *of Peru has said the ban on* industrial fishing should be continued, according to Fisheries Minister Rene Deustua.

Sr Deustua said virtually no anchovy was being caught by Pedu, once the world's top fishmeal producer. "It is only being *caught in the* (southern) zone of Ilo and that is because Chile is fishing. That is why we are continuing to do the same," he said.

Anchovy fishing has been banned elsewhere off Peru since 1976 when stocks were virtually exhausted.

Sr Deustua said: "Unfortunately there are no signs of a return of the shoals. The Sea Institute's recommendation is that for the time being we should not fish."

Fishermen claimed recently that stocks were recovering and several exploratory campaigns were carried out with what officials said were encouraging results. But the research institute said it was too early to risk resuming fishing.

EEC LAMB DISPUTE

Fresh attempts at conciliation

BY LARRY KINGER IN BRUSSELS

THE European Commission made clear yesterday that it is renewing its efforts to come up with a *technical* package that will solve the Anglo-French political dilemma over lamb exports that continues to sour relations between the two countries.

The Commission is aiming to have ready by its next regular meeting on Wednesday a plan that would increase the possibility of greater British lamb exports to the Continent, while meeting French demands that the changes do not favour the UK outside of the spirit of present Community-wide marketing agreements.

In spite of efforts at this week's European summit meeting by Mrs Margaret Thatcher, the British Prime Minister and M Francois Mitterrand, the French President, to set diplomatic relations on a new, improved course, the two countries' Agriculture Ministers were once again unable to resolve the new lamb war.

Six hours of constant debate at the special Agricultural Council called to coincide with the summit *failed to find any durable basis for* compromise, ensuring that this contentious issue dragged on into Britain's tenure as President of the Council of Ministers which began on Wednesday.

However, there have been signs that a political compromise might now be possible. *Mr Walker, in a conciliatory* move, lifted his tactical blocking of some previous Council decisions, notably the enabling measure needed for the new EEC sugar marketing arrangements to come into force as scheduled on July 1.

Commission officials were also encouraged by the low-key statement following Wednesday's *ministerial* meeting in Paris, which said little more than that the matter had been discussed.

While any compromise obviously cannot fully meet each side's contradictory demands, the Commission's hope is that *proposals along the lines being* discussed could provide sufficient face-saving elements to content both Mr. Peter Walker, *the British Agriculture Minister*, and Mme Edith Cresson, the French Farm Minister.

The proposals are likely to *provide* Mr Walker with a substantial reduction in the levy on lamb exports to the Continent.

But they are not expected to meet Mr Walker's demand for no reduction in guaranteed prices to producers. It is thought likely that the Commission will plumb for a compromise that offers complete income protection only to the producers most hard hit by any *new arrangements*.

This would help Britain's hard-pressed exporters — but would also go some way to meeting Mme Cresson's demands for retaining under existing rules the "equivalence" between the two countries' different marketing systems.

However, both the British and French public stances remain *unchanged*.

Mr Walker believes he was given a firm Commission undertaking, backed by the other Agriculture Ministers in April, for a cut in the export levy, without any conditions, to be approved in the Commission's meat management *committee*. And he is still publicly demanding precisely that.

Mme Cresson, backed by legal argument, is challenging the validity of the promise, saying that in any case an important change in the EEC marketing arrangements is a political decision for the Council of Ministers as a whole and therefore subject to a French veto.

Meanwhile, a meeting of the marketing committee has been set for next Thursday, the day after the full Commission will again take up the issue.

World cotton output estimate up

WASHINGTON—World cotton production in 1980/81 will total 65.8m bales (of 478 lbs each), up from last month's estimate of 65.4m.

This is just 200,000 bales below the record 1979/80 harvest, the International Cotton Advisory Committee (ICAC) said.

The upward revision mainly *reflects higher-than-expected* cotton yields in China, especially in the northern region with total Chinese cot*ton output* at 12.5m bales, 23 per cent above last season.

Spain also recently raised this season's cotton production figure to *280,000* bales from 190,000 last year, ICAC said. The higher crop enabled some exports to Portugal.

In the southern hemisphere, cotton crop prospects are mostly unchanged *except for* Argentina, where adverse weather in May probably means lower quality, it said.

For *1981/82, world cotton* plantings still are projected to expand from this season's level, ICAC said. World cotton yields *in 1981/82* are expected *to be* higher than this year.

The U.S. cotton crop this year will fall between 13.5m and 15m *bales, compared with 11.2m* harvested last summer.

World cotton consumption in 1980-81 is estimated at a record *66.8m* bales, an increase of 700,000 bales from last season.

While cotton use will be up sharply in China, declines are expected in the U.S., western Europe and the Far East, ICAC said.

"Demand for cotton remains restricted because of the weakness in textile activity in most large cotton importing countries," it said.

"Increases in interest rates *and other costs, instability in* currency values and the general belief that the 1981-82 crop will be significantly larger than the *current* season's harvest all tend to make buyers unwilling to hold stocks beyond meeting nearby requirements," ICAC said.

Reuter

BRITISH COMMODITY MARKETS

BASE METALS

BASE METAL PRICES were mostly a *little firmer on the London Metal Exchange* in line with the weaker sterling. Copper closed marginally firmer at £893, and tin was finally £6,730. Lead, a firm market of late, was the only exception, and lost a little ground to close at £378.5. Zinc advanced to £441.5. Aluminium finished at £629 and nickel closed at £3,260.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	866.7	+5.75	867-5	+.75
3 months	890.1	+2.75	891-.5	—1
Settlem't	867	+4	—	......
Cathodes				
Cash	859.5	—.75	860-1	—
3 months	881.5-2	+1	882-.5	—
Settlem't	859.5	—1	—	......
U.S. Prod			*83.5-7	......

Amalgamated Metal Trading reported that in the morning copper cash wirebars traded at £866, 66.5. Three months £890, 89, 90, 89.5, 90, 90.5, 91, 90.5. Cathodes cash £859.5. Three months £881.5 Kerb: Wirebars three months £890.5, 91, 91.5, 92. Afternoon: Wirebars three months £893, 92, 91.5, 91, 91.5. Kerb: Wirebars three months £891, 92, 93. Turnover 30,825 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6630-5	+95	6625-30	+65
3 months	6745-50	+96	6730-35	+65
Settlem't	6635-30	+85	—	......
Standard				
Cash	6630-5	+95	6625-30	+65
3 months	6745-50	+85	6730-35	+65
Settlem't	6635	+85	—	......
Straits E.	$28.90	+.02		......
New York	—	......		

Tin—Morning: Standard cash £6,600, 20, 30, 35, 30. Three months £6,710, 15, 40, 50, 40, 45, 50, 55, 50, 45. Kerb: Standard three months £6,740, 45, 50. Afternoon: Standard three months £6,740, 30, 31, 35, 30. Kerb: Standard three month £6,730, 20, 25, 30. Turnover 1,525 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	376-.5	-1.75	375-5	-2.25
3 months	379-.80	—.75	378 5	-2.25
S'ment	374.5	-1.75	--	......
U.S. Spot	—	......	*38	......

Lead—Morning: Cash £376, 76.5. Three months £378.5, 79, 78, 79. Kerb: Three months £378.5. Afternoon: End-July £377. Three months £380, 79, 78.5. Kerb: Three months £378.5. Turnover 5,645 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	435.75-6	+7.1	439.5-40.5	+11
3 months	434.5-40	+7¼	442.5-3	+9¼
S'ment	436	+7	—	......
Primw'ts	—	......	*46.5	......

Zinc—Morning: Cash £435, 36. Three months £439, 38.5, 39, 39.5. Kerb: Three months £439.5, 40. Afternoon: Cash £439. Three months £439.5, 40, 41, 44, 42, 42.5, 43, 43.5, 43, 42, 42.5. Kerb: Three months £442, 41, 41.5. Turnover 12,650 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	608.9	+1¼	607-.8	+3.25
3 months	628.5-9	+1.5	627.5-8	+3.5

Aluminium—Morning: Three months £627, 28, 29, 28.5. Kerb: Three months £628.5. Afternoon: Three months £626, 25, 25.5, 27, 27.5, 28. Kerb: Three months £628.5, 29, 29.5, 30, 29. Turnover 9,825 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	3225-35	+25	3220-5	+5
3 months	3265-75	+25½	3250-5	—4

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

Nickel — Morning: Three months £3,280, 85, 80, 75, 70. Kerb: Three months £3,270, 65. Afternoon: Three months £3,255, 52, 50. Kerb: Three months £3,260. Turnover 372 tonnes.

SILVER

Silver was fixed 0.2p an ounce lower *for spot delivery* in the London bullion market yesterday at 442.3p. U.S. cent equivalents of the fixing levels were: spot 831.1c, down 13.9c; three-month 865.8c, down 14.8c; six-month 899.7c, down 14.5c; and 12-month 968.3c, down 12.9c. The metal opened at 432-437p (820-830c) and closed at 443-449p (837-847c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	442.30p	-0.20	446.0p	-10.8
3 months	454.50p	-0.80	456.5p	-11.2
6 months	467.60p	-0.65	—	......
12 months	499.40p	+0.30	—	......

LME—Turnover — (175) lots of 10,000 ozs. Morning: Three months 457, 60, 59.5. Kerb: Three months 459, 57.5, 58. Afternoon: Three months 460, 61, 59. Kerb: Three months 459.

COCOA

Futures initially eased during a featureless day on further trade house hedging and commission house profit taking, although fresh trade support during late dealings pared earlier losses. Physical business was scarce, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
July	920-925	—18	935-920
Sept.	949-950	—15	970-939
Dec.	985-986	— 9	996-974
March	1009-1010	— 3	1017-998
May	1024-1025	— 2	1031-1010
July	1036-1041	— 1.5	1046-1050
Sept.	1051-1058	— 0.5	1065-1045

Sales: 4,533 (9,486) lots of 10 tonnes.

ICCO Futures—Daily price for July 1: 83.01 (76.37); five-day average 78.52 (77.24).

COFFEE

Futures opened higher as expected *but during a moderately active session* eased lower, reports Drexel Burnham Lambert. Prices fell further in hectic dealing in the face of heavy trade commission house activity which prompted stop-loss selling. Additional profit-taking and stop loss selling increased the losses.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	742-46	—32.5	786-40
Sept.	767-69	—32.5	815-63
Nov	762-63	—32.0	808-58
Jan	761-63	—36.5	807-58
March	757-58	—37.5	809-55
May	758-60	—39.0	—
July	760-70	—43.5	810

Sales: 5,119 (5,860) lots of 5 tonnes.

ICO Indicator prices for July 1 (U.S. cents per pound): Comp. Daily ICA 1976 94.25 (91.09); 20-day average 96.68 (97.42).

COTTON

LIVERPOOL — No spot or shipment sales were recorded. Activity was nonexistent, with buyers completely withdrawing from the market. Slow downward trend in prices affected prospective customers, while holiday influences in the spinning trade remained a distruptive factor.

GAS OIL FUTURES

A weaker opening in the near months was followed by a rally of about $1.00. Further months were steady. Volume was light reflecting a quiet physical market and Friday's U.S. holiday, reports Premier Man.

Month	Yesterday's close	+ or —	Business Done
	$ U.S. per tonne		
July	285.25	+0.25	286.00-84.50
August	285.50	+0.25	286.00-84.25
September	289.00	+0.75	289.00-87.00
October	292.50	+0.75	292.50-91.25
November	296.50	+0.50	296.50-95.50
December	301.25	+1.00	301.25-00.25
January	304.75	+0.75	—
February	309.25	+1.25	—
March	312.75	+0.25	—

Turnover: 423 (498) lots of 100 tonnes.

GRAINS

CC GRAINS PGE 29 CC

Old crop wheat opened unchanged. A firm delivered market caused steady buying interest on futures and a total lack of sellers caused the market to rally. New crop wheat rallied in fairly active trading, a lack of real country movement steadied futures. Barley new crops opened slightly up *and in good volume closed firm. Acli* reports.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
July	111.60	+2.30	—	....
Sep	100.15	+0.85	95.40	+0.60
Nov	103.90	+0.70	99.30	+0.85
Jan	107.90	+0.70	103.05	+0.40
Mar	111.50	+0.55	106.45	+0.60
May	115.25	+0.65	109.90	+0.60

Business done—Wheat: July 111.60-109.30, Sept 100.15-99.50, Nov 103.90-103.40, Jan 107.85-107.40, March 111.50-111.15, May 115.00-114.80. Sales: 213 lots of 100 tonnes. Barley: Sept 95.40-95.00, Nov 99.35-98.90, Jan 103.15-102.75, March 106.40 one trade, May *109.75-109.50. Sales: 197 lots of 100* tonnes.

LONDON GRAINS—Wheat: U.S. Dark *Northern Spring* No. 2 14 per cent July-August 112.75 nominal trans ship*ment East Coast sellers. U.S. Hard* Winter 13½ per cent July 118.00 nominal, August 118.75 nominal trans shipment East Coast sellers. English Feed fob Sept 103.75, Oct 105.75, Nov 107.5 sellers East Coast. Maize: South African Yellow August-first half Sept 89.00. Barley: English Feed for Aug 96.00 paid, Oct 103.00 sellers East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: N. West 115.40. Feed barley: S. East 104.30, W. Mids. 108.00, N. West 105.70. The UK Monetary Coefficient for the week beginning Monday July 6 is expected to remain unchanged.

RUBBER

The London physical market opened slightly easier, with little interest throughout the day, closing on an easier note. Lewis and Peat reported a fob July price for No. 1 RSS in Kuala Lumpur of 244.5 (251.0) cents a kg *and SMR 20* 218.5 *(223.0)*.

No 1. R.S.S.	Yest'r'ys close	Previous close	Business Done
August	60.00-60.50	61.00-61.20	—
Sept.	60.80-60.90	62.00-62.40	61.20
Oct-Dec	62.60-62.70	63.80-63.80	64.00-62.60
Jan-Mar	65.40-65.50	66.60-66.70	66.40-65.40
Apl-Jne.	68.20-68.40	69.50-69.40	69.30-68.40
Jly-Sept	71.00-71.20	72.20-72.40	—
Oct-Dec	74.20-74.30	75.20-75.40	75.10-74.20
Jan-Mar	77.00-78.00	78.30-78.40	—
Apl-Jne.	80.00-80.20	81.10-81.50	—

Sales: 427 (309) lots of 15 tonnes, 1 (10) at 5 tonnes. Physical closing prices (buyers) were: Spot 59.00p (59.75p); Aug 61.00p (62.00p); Sept 61.50p (62.50p).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kilo. Aug 403, 408, nil; Oct 403, 404, 404-403; Dec 405, 406, 406-405; Jan 406, 408, 408-407; Mar 416, 418, 417-416; May 424, 425, 423-422; Aug 433, 438, 434-433; Oct 432, 440, 437-436; Dec 439, 443, 440-438; Jan 443, 446, 443-442.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. July 506.0, 506.0, 510.0-505.5; Oct 497.0, 497.5, 497.5-496.0; Dec 504.0, 505.0, 505.0-503.5; March 513.0, 513.0, 514.0-513.0; May 522.0, 523.0, 522.0; July 528.0, 529.0, 528.0-527.0; Oct 524.0, 526.0, 525.0; Dec 527.5, 528.0, 527.0. Sales: 232.

SOYABEAN MEAL

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
August	132.90-33.0	+3.80	134.00-29.20
October	135.80-36.0	+2.90	137.80-35.00
December	141.10-41.2	+3.65	143.00-40.10
February	145.80-44.8	+4.05	145.40-44.00
April	146.00-47.5	+4.50	—
June	145.50-49.0	+5.00	—
August	146.00-51.0	+3.00	—

Sales: 282 (189) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £201.00 (£200.00) a tonne cif July-Aug shipments. White sugar daily price £227.00 (£225.00).

Quotations were little changed in quiet trading conditions, reports *C. Czarnikow*.

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
Aug.	201.25-01.50	198.85-99.00	202.25-98.80
Oct.	202.25-02.50	199.90-200.0	202.75-98.75
Jan.	202.50-03.00	200.75-01.00	202.25-01.00
March	205.90-06.00	203.80-04.00	206.25-05.00
May	208.15-08.25	206.25-06.50	208.50-08.25
Aug	210.00-11.00	207.50-09.00	210.00-09.00
Oct.	211.65-12.50	208.25-11.25	211.50

Sales: 3,914 (5,401) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was *£369.4 (£342.6) a tonne* for home trade and £306.5 (£307.5) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for July 1: Daily price 15.04 (15.22); 15-day average 15.77 (15.89).

POTATOES

LONDON POTATO FUTURES—The market was again strong on short covering and trade buying although inevitable profit-taking caused reaction *with prices closing in mid-range*. Another record volume traded, reports Coley and Harper. Closing prices: Nov 67.60, +3.10, (high 69.60, low 64.50); Feb 76.80, +1.90, (high 79.50, low 75.00); April 86.50, +2.20, (high 90.00, low 86.00). Turnover: 767 (645) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD — Pence per pound. Beef: Scotch killed sides 74.0 to 78.0. Veal: Dutch hinds and ends 126.0 to 132.0. Lamb: English small 68.0 to *74.0, medium 66.0 to 70.0*; imported frozen: NZ pl 64.0 to 65.0, pm 62.0 to 64.0. Pork: English, under 100 lbs 46.0 to 53.0, 100-120 lbs 45.0 to 52.0, 120-160 lbs 43.0 to 51.0.

MEAT COMMISSION—*Average fatstock prices* at representative markets on July 2. GB—Cattle 92.31p per kg lw (−1.17). UK—Sheep 153.49p per kg est dcw (−5.97). GB—Pigs 77.37p per kg lw (−0.17).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported produce: Oranges—Outspan: Navels 48 4.90, 56 5.70, 72 5.60, 88 5.00, 112 4.85, 138 4.85, 150 4.30; Californian: 88/138 5.00-5.50; Jaffa: (base) Valencia Lates 56/189 4.00-4.90; Moroccan: Lates 48/113 4.00; Cypriot: Valencia Lates 48/96 4.00-5.00. Lemons—Spania: Trays 25/50 2.40-2.60, Boxes 60/100 4.50-5.00; Californian: 95/105 4.50-6.00; Outspan: 80/195 4.00-6.50; Jaffa: Cartons 60/90 3.00-4.00. Grapefruit—Outspan: 40 4.30, 48 4.25, 56 4.00, 64 3.60, 72 3.50; Jaffa: 20 kg 40 3.60-4.25. Apples—S. African: Granny Smith 6.00-6.50, Golden Delicious 6.00-6.50; New Zealand: Granny Smith 6.00-6.30, Sturmer Pippins 6.00 Golden Delicious 5.00-6.00, Red Delicious 8.00-8.20, Delicious 7.00, Red Dougherty 7.50; Tasmanian: Granny Smith 5.00-5.50, Sturmer Pippins 5.00-5.50, Democrats 7.00, Croftons 7.60-7.80; W. *Australian: Granny Smith 6.00; U.S.:* Red Delicious 10.00-11.00; French: Golden Delicious 40 lb 125/175 3.50-4.50. Pears—S. African: Comice 7.00-7.50; Victorian: Packhams 5.00-5.50, *Spanish Moratini 12p lb*. Nectarines—Spanish: 37/45 4.50-6.00. Plums—Spanish: Rosas 3/8 2.00-3.30, Japanese 3/5 1.00-1.50, Gaviotas 3/8 2.40-3.40. Apricots—Spanish: 11 lb 2.80-3.60. *Cherries—U.S.: 18 lb, per lb 0.80;* Italian: 0.55-0.60; Greek: 0.65-0.70. Turkish: 0.70. Grapes—Chilean: Almeria 3.50, Red Emperor 2.80-3.00, Ribes 4.50; Israeli: Queen of the Vineyard 3.50, *Perlette 9 lb 3.50-4.50; Cypriot: Cardinal* 11 lb 5.50, Israeli Cardinal 4.00-4.50. Melons—Israeli: Carmel Yellow 6/12 3.60-5.00; Spanish: 10 kg Yellow 4.00-4.80. Water-Melons — Spanish: 3.00-3.80. Peaches—*Italian: Standard* trays B/D 1.30-2.80, Large trays A/D 2.40-4.20; Greek: 2.80-3.20; French: 1.60-2.60. Pineapples—Ivory Coast: Each 0.40-0.90; S. African: Shelford 5/9 2.25-3.00.

English produce: Potatoes—Per 56 lb Kent 3.00, Pembroke 2.80-3.00, Essex 3.20-3.50, Lincoln 3.50. Mushrooms—Per lb 0.60-0.70. Apples—Per lb Bramleys 0.05-0.15. Cauliflowers—Per 12, Lincoln 3.50-4.00. Cabbages—Per bag, Spring 22 lb 2.50, Primo 20 lb 3.00-4.00. Lettuce—Per 12, round 1.20-1.60, Cos 10/12 1.80-2.00. Tomatoes—Per 12 lb 2.60-2.80, E 2.40-2.60. Radishes—Per pack of 12 x 8 oz 1.50, bunches of 15 1.50. Onions—Per tray x 20 bunches, spring 2.40, 55 lb 40/60mm 3.50-4.50. Celery—Per 15/24 5.00-6.00. Cucumbers—Per 10/20 1.60-1.80. Gooseberries—Per 12 lb, per lb 0.15-0.17, Levellers 0.25-0.45. Broad Beans—Per 24 lb 1.50-1.80. Peas—Per 20 lb nets 2.00-2.80 40 lb 4.00-5.00. Carrots—*Per 26/28 lb* 3.00-3.50. Strawberries—Per ½ lb 0.20-0.40. *Raspberries*—Per ½ lb 0.20-0.30.

PRICE CHANGES

In tonnes unless otherwise stated.

	July 2 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1145/1175	—10	$1235/265
Copper			
Cash w'bar	£867.25	+0.75	£857
3 mths	£891.25	—1	£882.25
Cash Cathode	£860.5	+10	£852
3 mths	£882.25	+9.5	£872
Gold troy oz.	$414.5	—2.25	$461
Lead Cash	£378.25	—2.25	£349
3 mths	£380.5	+2	£357.75
Nickel	£3,850.50	+182.5	£3,584.50
Freemkt	275/295c	......	275/295c
Platin'mtr'y oz	£247.0	......	£230
Freemkt	£217.25	+0.45	£225.25
Quicksilver†	$425/430	+5	$425/450
Silver troy oz.	442.30p	—0.2	513.90p
3 mths	454.50p	—0.8	528.20p
Tin Cash	£6,627.5	+95	£6,275
3 mths	£6,732.5	+65	£6,412.25
Tungsten22.04lb	$145.09	......	$143.75
Wolfrm 22.04 lbs	$148/150	......	$146/148
Zinc Cash	£440	+11	£407
3 mths	£442.75	+8.25	£415.75
Producers	$925	......	$925
Oils			
Coconut (Phil)	$562.50v	+2.5	$565
Groundnut	‡	......	‡
Linseed Crude	£452	+10	£442
Palm Malayan	‡	......	‡
Seeds			
Copra Philip	$355w	......	‡
Soyabean(U.S.)	$291	......	$298.5
Grains			
Barley Fut.Sep	£95.40	+0.80	£94.90
Maize	‡	......	£126.75
WheatFut.Sept	£100.16	+0.85	£100.95
No2 HardWint	£118.00	+3.5	£112.25
Other commodities			
Cocoa ship't*	£1010	—85	£928
Future Sept	£949.5	—15	£866.5
CoffeeF't Sept	£768	—32.5	£878.5
Cotton A.Index	86.60c	—0.15	87.10c
Gas oil Aug	$285.5	+0.25	$269.5
Rubber (kilo)	59p	—0.75	60p
Sugar (Raw)	£201w	+1	£210
Woolt'ps 64s kl.	374p kilo	+4	360p kilo

‡ Unquoted. v June-July. w-July-Aug. z Aug. x Sept. † Per 76-lb flask. * Ghana cocoa. n Nominal.

AMERICAN MARKETS

NEW YORK, July 2.

PRECIOUS METALS suffered from continued liquidation in the fact of rising interest rates. Live hog markets *finished strong on indications of light* marketings while the rest of the complex was lower in anticipation of a lower demand after the holiday weekend. Sugar was higher on active *interest in Thailand raw offerings*. Cotton was under pressure from steady liquidation except for the near-by months where tight stocks affect July deliveries. Heating oil advanced on moderate profit taking, reported by Heinold.

††Cocoa—July 1638 (1651), Sept 1693 (1642), Dec 1788, March 1856, May 1895, July 1945, Sept 1985, Dec 2040. Sales: 2,150.

Coffee—"C" Contract: July 98.50 (100.72), Sept 90.00 (96.02), March 87.75, May 87.60-88.00, July 87.20-88.00, Sept 87.40-88.00, Dec 85.00-88.00. Sales: 2,034.

Copper—July 74.50 (74.50), Aug 75.60 (75.65), Sept 76.70-76.90, Dec 80.20-80.30, Jan 81.50, March 83.80-83.90, May 85.95, July 88.05, Sept 90.15, Dec 93.25, Jan 94.30, March 96.40, May 98.50.

Cotton—No. 2: July 84.80 (84.43), Aug 83.00-83.50 (82.40), Oct 78.30-78.35, Dec 76.85-77.05, March 78.20-78.30, May 79.50, July 80.85-81.20, Oct 79.85-80.20, Dec 78.80-78.95. Sales: 5,400.

*Gold—July 412.1 (414.4), Aug 416.0-417.5 (419.0), Sept 421.6, Oct 426.0-426.5, Dec 436.0-438.0, Feb 447.0, April 456.0, June 469.0, Aug 479.7, Oct 490.5, Dec 501.6, Feb 513.0, April 524.4. Sales: 36,000.

Heating oil (cents per U.S. gallon)—Aug 0.9210 (0.9178), Sept 0.9329 (0.9291), Oct 0.9477, Nov 0.9650, Dec 0.9819, Jan 0.9970, Feb 1.0125, March 1.0230, April 1.0325, May 1.0345, June nil, July 1.0300, Aug 1.0400. Turnover: 1,875.

Orange Juice — July 124.45-124.50 (125.00), Sept 128.80-128.85 (128.40), Nov 132.30, Jan 136.00, March 137.40-137.70, May 138.80, July 140.20-140.50, Sept 141.60-142.00, Nov 143.00-143.50. Sales: 1,300.

*Platinum—July 398.3 (400.1), Aug nil (nil), Sept nil, Oct 412.5-416.0, Jan 430.5, April 446.4, July 463.1, Oct 479.8.

Potatoes (round whites)—Nov 69.0-69.3 (69.4), Feb 74.7-76.5 (75.5), March 79.3-79.5, April 89.3-89.5. Sales: 287.

¶Silver—July 836.0-845.0 (833.0), Aug 850.0 (844.0), Sept 858.0-864.0, Dec 895.0-902.0, Jan 914.0, March 934.5, May 968.0, July 981.5, Sept 1005.0, Dec 1041.0, Jan 1052.8, March 1076.3, May 1099.8. *Handy and Harman* bullion spot: 842.00 (865.00). Sales: 6,000.

Sugar—No. 11: Sept 15.65-15.70 (15.10), Oct 15.75-15.85 (15.26), Jan 15.90-16.00, March 16.20-16.25, May 16.40-16.50, July 16.80-16.87, Sept 17.14-17.15, Oct 17.25. Sales: 7,360.

Tin—571.00-579.00 (569.00-581.00).

CHICAGO, July 2.

Chicago Imm Gold — July 411.0 (413.0), Sept 422.0-421.5 (423.3), Oct 425.0, Dec 437.0-438.0, Jan 443.7, March 453.0, April 460.0, June 469.2, July 470.5.

Lard—Chicago loose 20.00 (20.25).

Live Cattle—Aug 65.70-65.62 (66.57), Oct 62.25-62.45 (63.37), Dec 63.30-63.40, Feb 64.30-64.40, April 65.50-65.40, June 66.80.

Live Hogs—July 53.40-53.55 (52.75), Aug 52.40-52.45 (51.80), Oct 49.80-49.90, Dec 52.15-52.05, Feb 53.60-53.75, April 52.90-53.20, June 56.05, July 55.30, Aug 55.00.

‡‡Maize—July 337½-335 (329½), Sept 345¾-345½ (342¾), Dec 353¾-353½, March 367½-367½, May 375-375½, July 380½.

Pork Bellies—July 46.00-46.25 (46.15), Aug 46.92-46.80 (46.77), Feb 64.25-64.55, March 64.75-64.40, May 65.40, July 66.65, Aug. 66.30.

†Soyabeans—July 702-701 (700¾), Aug 713-711 (712¼), Sept 719½-719, Nov 740-738½, Jan 757-759, March 779-779½, May 796½, July 810½.

‖Soyabean Meal—July 203.5-203.3 (204.5), Aug 204.5-204.7 (205.0), Sept 207.0-207.5, Oct 209.5-209.0, Dec 216.0, Jan 218.0, March 226.0, May 229.0, July 232.0-232.6, Aug 232.0-232.5.

Soyabean Oil—July 21.75-21.78 (21.83), Aug 22.08-22.06 (22.19), Sept 22.48-22.50, Oct 22.85, Dec 23.48-23.45, Jan 23.80, March 24.50, May 25.00, July 25.50, Aug 25.58-25.60.

†Wheat—July 380½-380¾ (379¾), Sept 399-398 (398¼), Dec 428-427, March 450-451, May 463, July 472.

NEW ORLEANS—Milled Rice Futures (cents per cwt of U.S. No. 2 long grain): Sept 2,381 (2,400), Nov 2,300 (2,317), Jan 2,332, March 2,367.4, May 2,398.

WINNIPEG, July 2.

§Barley—July 136.50 (133.70), Oct 132.40 (130.40), Dec 132.60, March 134.40, May 136.50.

§Wheat—SCWRS 13.5 per cent protein content cif St Lawrence 247.02 (—).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

PARIS, July 2.

Cocoa—(*FFr per 100 kilos*): July 1010-1050, Sept 1050-1070, Dec 1075-1079, March 1100-1120, May 1132-1150, July 1148 bid, Sept. 1167 bid. Sales at call: Nil.

SUGAR—(*FFr per tonne*): Aug 2435-2445, Oct 2308-2315, Nov 2300-2325, Dec 2285-2295, March 2360-2370, May 2380-2410, July 2390-2440, Aug 2400-2460. Sales at call: nil.

Maize—(*U.S. $ per tonne*): U.S. No. Three Corn Yellow afloat 151, July 115.50, Aug 153, Sept 155, Oct 158, Nov 158.50, Dec 161, Oct-Dec 159.25, Jan-March 168, April-June 173.

ROTTERDAM, July 2.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent July 202, Aug 206, Sept 208. U.S. No Two Red Winter: July 149, Aug 153. U.S. No Two Northern Spring 14 per cent July/Aug 194.50, Sept 197.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports July 285, Aug 284.50, Sept 286.50, Oct 291.75, Nov 292.75, Dec 299, Jan 304.75, Feb 310, Mar 314.50, April 319, May 321. Argentine afloat July 277, Aug 279.50 sellers tradeless.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S. afloat 244.50, July 242/243 then 242.50, Aug 246/247, July/Sept 248/247, Nov/March 294 traded, afloat 245 sellers. Brazil Pellets July 247/248 traded.

INDICES

FINANCIAL TIMES

July 1	June 30	Month ago	Year ago
250.55	245.07	253.44	271.08

(Base: July 1, 1952=100).

MOODY'S

July 1	June 30	Month ago	Year ago
1057.4	1056.9	1086.1	1166.6

(December 31, 1931=100)

DOW JONES

Dow Jones	July 1	June 30	Month ago	Year ago
Spot	372.26	366.92	390.36	437.95
Fut'r s	373.35	367.52	389.66	444.83

(Average 1924-25-26=100)

REUTERS

July 2	July 1	M'nth ago	Year ago
1768.7	1751.1	1745.0	1691.9

(Base: September 18, 1931=100)

GRIMSBY FISH — Supply good, demand fair. Prices at ship's side (un*processed*) per stone: Shelf cod £4.40-£5.60, codlings £1.50-£2.80. Large haddock £3.40-£4.40, medium £2.50-£3.80, small £2.00-£2.80. Medium plaice £4.80-£5.70, best small £3.80-£4.90. Skinned dogfish (large) £7.00-£7.50, (medium) £3.50-£6.00. Lemon soles (large) £8.00, (medium) £7.00. Rockfish £2.50-£3.70. Saithe £1.50-£2.00.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mgrs.

Allied Hambro Ltd. (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Anthony Wieler Unit Tst. Mgmt. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.♥ (a)(c)

Barclays Unicorn Ltd. (a)(c)(g)

Baring Brothers & Co. Ltd.♥ (a)(x)

Bishopsgate Progressive Mgmt. Co.♥

Bridge Fund Managers (a)(c)

Britannia Gp. of Unit Trusts Ltd.(a)(c)(g)

The British Life Office Ltd.♥ (a)

Brown Shipley & Co. Ltd.♥(a)(g)

Buckmaster Management Co. Ltd.

Canada Life Unit Trust Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carr, Sebag Unit Trust Managers(a)

Charities Charities N/R Funds

Charities Official Invest. Fund

Chieftain Trust Managers Ltd.♥ (a)(g)

Clerical Medical Fund Managers(a)

Confederation Funds Mgt. Ltd. (a)

Cosmopolitan Fund Managers

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mgrs. Ltd. (a)(g)

Darlington Unit Trust Mgmt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Equity & Law Un. Tr. M.♥ (a)(b)(c)

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Robert Fraser Trust Mgt. Ltd.

Friends' Provdt. Trust Mgrs. (a) (b) (c).

Funds in Court

G.T. Unit Managers Ltd.♥

G. & A. Trust (a) (g)

Gartmore Fund Managers♥ (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a) (b) (c)

Hill Samuel Unit Tst. Mgrs.† (a)

Investment Intelligence Ltd. (a) (g)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers♥

L & C Unit Trust Management Ltd.

Legal & General (Unit Tst. Mngrs.) Ltd.♥

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.♥ (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.*

M & G Group (y)(c)(z)

MLA Unit Trust Mngemnt. Ltd.

Manulife Management Ltd.

Mayflower Management Co. Ltd.

McAnally Fund Management Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.♥ (a)

Minster Fund Managers Ltd.

Murray Johnstone U.T. Mgmt.♥ (a)

Mutual Unit Trust Managers♥ (a)(g)

National Provident Inv. Mngrs. Ltd.♥

National Westminster♥ (a)

NEL Trust Managers Ltd.♥ (a)(g)

Northgate Unit Trust Managers Ltd. (c)(y)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt.♥ (a)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.♥

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)

Quilter Management Co. Ltd.♥

Reliance Unit Mgrs. Ltd.♥

Ridgefield Management Ltd.

Rothschild Asset Management (a) (g) (z)

Rowan Unit Trust Mngt. Ltd.(a)

Royal Tst. Can. Fd. Mgrs. Ltd.

For Saturn Fund Mngt. see SIMCO

Save & Prosper Group

Schroder Unit Trust Managers Ltd.

Scottish Amicable Inv. Mngrs. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.♥

For Sebag see Carr, Sebag Unit Trust Managers.

SIMCO Money Funds

Stewart Unit Tst. Managers Ltd.(a)

Sun Alliance Insurance Group.

Swiss Life Pen. Tst. Man. Co. Ltd.(a)(c)

Target Tst. Mngrs. Ltd.♥(a)(g)

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers♥

Transatlantic and Gen. Secs. (c) (y)

Tyndall Managers Ltd.(a)(b)(c)

TSB Unit Trusts (y)

Ulster Bank♥ (a)

Unit Trust Account & Mgmt. Ltd.

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance♥

Charterhouse Magna Gp.♥

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur/Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.♥

Growth & Sec. Life Ass. Soc. Ltd.♥

Guardian Royal Exchange

Hambro Life Assurance Limited♥

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.♥

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.♥

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

Lloyds Bk. Unit Tst. Mngrs. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

London A'deen & Nthn. Mtl. Assur. Ltd.

The London & Manchester Ass. Gp.♥

M & G Group♥

Manufacturers Life Insurance Co.

Merchant Investors Assurance♥

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.♥

Norwich Union Insurance Group♥

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Prop. Equity & Life Ass. Co.♥

Property Growth Assur. Co. Ltd.♥

Providence Capital Life Assc. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited♦

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group♥

Schroder Life Group♥

Scottish Widows' Group

Solar Life Assurance Limited

Standard Life Assurance Company♥

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions(a)(b)(c)

Vanbrugh Life Assurance Ltd.♥

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.♥

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Adig Investment

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

B.L.A. Bond Investments AG

Bank of America International S.A.

Banque Bruxelles Lambert

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngmt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

CAL Investments (IoM) Ltd.

Capdirex S.A.

Capital Asset Managers Ltd.

Capital International Fund S.A.

Central Assets Management Ltd.

Charterhouse Japhet

Chartse Commodities (Isle of Man) Ltd.

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Cortexa International

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCE

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPERS, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
45	32	Acmex 50c	45	+2	Q2.5c	—	3.2
41	14	ACM 20c	37	+1	—	—	—
21	14	Argosy Gold NL 25c	17	......	—	—	—
229	137	Bond Corp.	226	−3	Q7½c	1.9	1.9
104	76	Bougainville 1 Kina	95	−1	Q25.7c	1.0	15.5
302	214	CRA 50c	266	+4	Q19c	1.7	4.1
25	16	Canada Northwest	17½	......	—	—	—
35	16	Carr Boyd 20c	19	......	—	—	—
415	75	Central Pacific	75	......	—	—	—
35	15	Cons. Gold Min. N.L. 50c	15	......	—	—	—
47	28	Cultus Pacific N.L.	34	−1	—	—	—
68	22	Eagle Corp. 10c	62	−6	—	—	—
40	29	Endeavour 20c	31½	......	—	—	—
500	310	G. M. Kalgoorlie 25c	380	−10	†Q13c	ϕ	2.0
25	9	Great Eastern	12	......	—	—	—
275	180	Hampton Areas 10p	230xd	−2	2.5	ϕ	1.6
168	46	Haoma Gold N.L.	62	+6	—	—	—
85	30	Intl. Mining	30½	......	—	—	—
118	46	Jimberlana (50cFP)	52	......	—	—	—
245	135	Kitchener NL 25c	150	+5	—	—	—
105	40	Leichardt Expln.	50	......	—	—	—
430	275	Meekatharra	390	+10	—	—	—
70	49	Metals Ex. 50c	60	......	§Q3c	2.5	2.9
38	20	Metramar Mins. 20cts	28	......	—	—	—
20	10	Mid East Mins. NL	12	......	—	—	—
290	190	M.I.M. Hldgs. 50c	250	−2	‡Q27.6c	1.7	‡
21	10	Minefields Expl. 25c	12	−1	—	—	—
123	83	Mount Lyell 25c	122	+4	‡Q15c	1.7	7.1
20	13	Newmetal 20c	16	......	—	—	—
69	41	Nickelore N.L.	58	−2	—	—	—
204	149	North B. Hill 50c	199	......	Q18c	3.1	5.3
84	50	Nth. Kalgurli	68	......	—	—	—
175	94	Nth. Mining Corp.	172	......	—	—	—
122	36	N. West Mining N.L.	50	+4	—	—	—
150	106	Oakbridge 50c	140	......	†Q12c	1.1	4.9
185	138	Otter N. L.	160	......	—	—	—
186	164	Pacific Copper	184	......	—	—	—
605	350	Pancont'l 25c	390	+5	—	—	—
81	42	Paringa M&Ex.5p	81	......	—	—	—
525	375	Peko-Wallsend 50c	490	+10	‡Q22½c	ϕ	2.6
43	27	Pelsart Res NL	34	+2	—	—	—
120	85	Seltrust A	90	+5	—	—	—
157	30	Southern Pacific	34	......	—	—	—
100	40	Swan Resources 20c	97	−3	—	—	—
400	9½	West Coast 25c	13	−1½	—	—	—
325	227	Westn. Mining 50c	322	+7	Q14c	1.6	2.5
27	16	Westmex	16	−1	—	—	—
76	46	Whim Creek 20c	62	+2	—	—	—
101	58	York Resources	68	......	—	—	—

Tins

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
16	9	Amal Nigeria 1p	9	......	‡6.0	—	—
300	245	Ayer Hitam SM1	245	......	‡Q205c	1.0	‡
104	54	Beralt Tin	104	......	ϕ5.0	3.3	6.9
155	98	Geevor	107	......	—	—	—
11	8	Gold & Base 12½p	11	+1½	—	—	—
660	525	Gopeng Cons.	525	......	‡30.0	1.8	‡
450	348	Hongkong	355xd	......	21.0	ϕ	8.4
135	115	Idris 10p	135	+3	9.0	0.8	9.5
31	13	Jantar 12½p	31	......	3.0	ϕ	15.3
98	85	Kamunting SM0.50	85	......	‡Q80c	1.0	‡
625	363	Killinghall SM1	625	......	†Q66.7c	ϕ	2.2
114	88	Malay Dredging 10c	114#	......	‡‡Q38c	0.9	6.8
68	30	Pahang	66	......	0.63	0.8	1.4
118	90	Pengkalen 10p	117	+2	3.5	0.6	4.3
380	325	Petaling SM1	330	......	‡Q180c	1.4	‡
25	19	South Crofty 10p	24#	......	‡1.0	4.4	‡
225	200	Sungei Besi SM1	215	......	‡Q480c	1.1	‡
185	95	Supreme Corp. SM1	185	......	§Q15½c	ϕ	1.7
118	116	Tanjong 15p	118	......	23.5	ϕ	4.2
90	75	Tongkah H. Tin $Sm1	75	......	Q23%	4.4	6.1
410	340	Tronoh SM1	345	......	Q110c	1.2	6.5

Copper

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
335	165	Messina R0.50	300xd	−10	†Q45c	4.7	8.6

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	142	Anglo-Dominion	165	......	—	—	—
55	40	Barymin	47	......	—	—	—
25½	14	Burma Mines 10p	20	......	0.75	0.9	5.4
330	180	Colby Res. Corp.	255	......	—	—	—
275	200	Cons. Murch. 10c	240	......	†Q30c	1.8	7.2
98	65	††Hemerdon 10c	65	......	—	—	—
180	135	Highwood Res.	150	......	—	—	—
400	300	Northgate C$1	345	......	—	—	—
580	372	R.T.Z.	543	+5	16.0	3.2	4.2
£125	£93½	Do.9¾%Cv.Un.Ln.'95-2000	£119	+2	Q9½%	—	F8.0
143	110	††SPO Minerals 10p	110#	......	—	—	—
47	29	Sabina Inds. C$1	30	......	—	—	—
44	28	††SWCM 10p	38	+1	—	—	—
550	465	Tara Exptn. $1	550	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ** Regional price.
- ‖ No par value.

‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −	IRISH	Price	+ or −
Albany Inv. 20p	43	......	Conv. 9% '80/82	£92⅞	......
Bertam	13	......	Nat. 9¾% 84/89	£69⅝	+⅞
Bdg'wtr. Est. 50p	470	......	Fin. 13% 97/02	£80⅝	+⅝
Craig & Rose £1	£12½	......	Alliance Gas	72	......
Finlay Pkg. 5p	22	......	Arnott	235	......
Graig Ship. £1	£20	......	Carroll (P.J.)	85xd	......
Higsons Brew.	70	......	Concrete Prods.	90	......
Holt (Jos) 25p	480	......	Helton (Hldgs.)	30	......
I.O.M. Stm. £1	157	......	Ins. Corp.	400	−20
Pearce (C. H.)	870	......	Irish Ropes	42½	......
Peel Hldgs.	108	......	Jacob	59	+1
Sheff. Refrshmt.	97	......	T.M.G.	19	+2
Sindall (Wm.)	195	......	Unidare	100	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	House of Fraser	14	Utd. Drapery	6½
BOC Intl.	11	I.C.I.	20	Vickers	18
B.S.R.	7	"Imps"	7	Woolworths	6
Babcock	11	I.C.L.	6	**Property**	
Barclays Bank	36	Ladbroke	30	Brit. Land	8
Beecham	18	Legal & Gen.	20	Cap. Counties	11
Blue Circle	35	Lex Service	10	Land Secs.	37
Boots	20	Lloyds Bank	28	MEPC	20
Bowaters	24	"Lofs"	4½	Peachey	15
Brit. Aerospace	17	London Brick	7	Samuel Props.	13
B.A.T.	25	Lucas Inds.	18	Town & City	2¼
Brown (J.)	9	"Mams"	20		
Burton Ord.	14	Mrks. & Spncr.	11	**Oils**	
Cadburys	7½	Midland Bank	26	Brit. Petroleum	33
Courtaulds	7	N.E.I.	8	Burmah Oil	16
Debenhams	10	Nat. West. Bank	32	Charterhall	8
Distillers	17	P & O Dfd.	12	KCA	22
Dunlop	8½	Plessey	28	Premier	7½
Eagle Star	25	Racal Elect.	34	Shell	32
F.N.F.C.	3	R.H.M.	5	Tricentrol	30
Gen. Accident	30	Rank Org. Ord.	18	Ultramar	44
Gen. Electric	60	Reed Intnl.	25		
Glaxo	28	Sears	5	**Mines**	
Grand Met.	18	Tesco	5½	Charter Cons.	21
G.U.S. 'A'	44	Thorn EMI	30	Cons. Gold	45
Guardian	30	Trust Houses	15	Lonrho	9
G.K.N.	15	Tube Invest.	18	Rio T. Zinc	45
Hawker Sidd.	25	Turner & Newall	10		
		Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 30

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Friday July 3 1981

Universities face further cuts in grant

Student total to fall 10,000

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

UNIVERSITIES must cut their numbers of students from Britain and EEC countries by more than 10,000 by 1983-84 it emerged yesterday.

The cuts are to be "strongly opposed" by the Association of University Teachers and the National Union of Students.

The basis for the cuts emerged yesterday in a Commons written reply by Mr. Mark Carlisle, Education Secretary, who released the text of a letter sent to the universities by the University Grants Committee.

The letter indicated the grant for 1981-82 and gave provisional pointers as to what their grant might be for the succeeding two years.

Although notionally independent, the universities rely on public funds channelled to them through the commitee.

Unless they conform to the cuts proposed by this committee, it will further cut their grants, on top of the 8.5 per cent average reduction already scheduled over the next three years.

The overall cut in student numbers from 303,990 in 1979-1980 to 294,200 in 1983-84 conceals a rise of 2,460 in places for overseas students. Full-time students therefore will fall by 12,250, or 4.7 per cent, to 248,720.

The impact of the cuts varies between subjects and from institution to institution.

Numbers in medicine and dentistry are scheduled to rise by 4.5 per cent to 24,380. Those in science and technology will fall by 2.4 per cent to 104,570, and students of arts and social studies by 8.4 per cent to 119,770.

Eight universities are to lose more than one in 10 of their full-time students. They are Salford, with a cut of 30 per cent, Aston with 22 per cent, Bradford with 19 per cent, Stirling with 18 per cent, Keele and Hull with 17 per cent, Surrey with 14 per cent, and Heriot Watt with a loss of 13 per cent.

All but Hull are relatively recently established. Heriot Watt, Surrey, Bradford, Aston and Salford were all formed as universities specialising in technology.

Only four institutions are due to increase their students. These are Bath with a 2 per cent increase, Brunel with 0.4 per cent, Birmingham with 0.3 per cent and Edinburgh with 0.1 per cent. Full-time numbers at Sheffield will stay the same.

The two major business schools at London and Manchester—which admit relatively few and exclusively postgraduate students—are listed to increase.

London, which is opening a new building, will have a 71 per cent rise in students to 290 and an increase of 14.6 per cent to £1.49m in its recurrent grant between 1981-82 and 1983-84.

Manchester Business School's students will increase by 42 per cent to 170, but its grant will fall by 13.4 per cent to £840,000.

British Gas told to sell showrooms in 5 years

By Elinor Goodman, Lobby Correspondent

THE BRITISH Gas Corporation now looks almost certain to have to sell its 900 gas showrooms. The Government is believed to have told the corporation that the showrooms should be sold in stages over the next five years.

Under the proposals now being discussed, the corporation would have to dispose of half the showrooms in two years. Another quarter would have to go the following year and the corporation would be given another two years to sell the rest.

No final decision was taken when ministers last discussed the situation, and it was agreed that further consultations were necessary with the various bodies involved. But all the indications are that the Government will press ahead with the five-year plan.

If it does go ahead with the sale, it will aggravate the already very difficult relations between the Government and Sir Denis Rooke, the corporation's chairman.

Last week, the Government ordered the corporation to dispose of its lucrative Wytch Farm oil field. Sir Denis has been resisting this for months.

It is understood that British Gas will comply with the order and will not challenge the sale in the courts. The corporation has also been lobbying very hard indeed against the proposed sale of the gas showrooms and the unions are on its side. One worry among Ministers is that the unions may take industrial action to block the sale.

The idea of hiving off the showrooms originated in the Monopolies Commission's report on the gas appliance market. The commission came up with two options. Under one option the corporation would only have had to set up the showrooms as a separate profit centre.

Under the other option the corporation would have had three years to sell off the showrooms.

In the event, the Government seems to have gone for what it will argue is a compromise which will give both the corporation and the gas appliance manufacturers time to adjust.

The Department of Energy, which has been coming under increasing criticism from other departments for its willingness to go along with British Gas, originally argued that it would be better not to make the corporation sell off all the showrooms but instead to hive them off in a separate company

THE LEX COLUMN

GEC's scope for dividend growth

In a very difficult period for manufacturing industry, GEC has again shown its strengths. Growth in the first half of the year to March was flattered by comparison with a strike-hit period in 1979. But even in the second six months, profits have pushed ahead by a tenth, taking the year's total up from £415m to £476m pre-tax. The rise is rather steeper on a current cost basis, thanks to a much lower cost of sales adjustment. And the dividend, which is being increased by nearly a quarter, is covered 3.3 times by inflation adjusted earnings.

Even the famous cash mountain has been pushed higher. GEC spent £85m on acquisitions last year, repaid £50m of capital notes, and more or less maintained its spending on fixed assets at about £160m. But with the help of £40m of compensation money for its nationalised aerospace interests, and a further £40m in the shape of higher advance payments from customers, cash balances at the year end were £62m higher at £661m. Increased interest receipts accounted for no less than £36m of the year's profits gain.

The outlook remains favourable in the main business areas. The power engineering side has more than recovered the profits setback of the previous year, and its order intake is up by about 30 per cent — before taking account of the giant Hong Kong contract. The Marconi businesses have very strong order books and the telecommunications side is doing well.

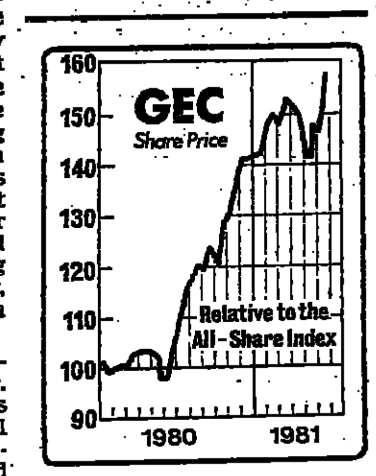
In the less buoyant parts of the portfolio, profits from the industrial side slipped back sharply in the latter part of the year, even though the diesel engine companies — much the largest part of this division — more than held their own. The main problem has been in electrical motors, where reorganisation plans have brought sizeable provisions.

This division now seems to be well under control, and the same applies to the consumer products side. Although furniture is still having a rough time, the Hotpoint business now seems to be going well.

Among the recent acquisitions, Averys profits are said to be sharply lower, and A. B. Dick has done badly in the U.S. with its copiers and duplicators. The medical equipment purchases are being run through the mangle, and it will be some little while before their long term importance to the group can be measured.

Overall, GEC's dividend growth seems set to outpace inflation for the foreseeable future, and by the standards of the electrical sector its prospective earnings multiple does not look outrageous. But just to keep things in perspective, the dividend yield is 2 per cent and the market capitalisation of just over £4bn is 2¼ times that of ICI.

Index fell 2.8 to 545.9



S & N

The £3.3m interim decline in Scottish and Newcastle Breweries' pre-tax profits has widened to a £6.0m fall to £33.1m for the year to early May, despite an extra week of trading, while a further £3.3m of costs, net of tax relief, repose below the line. S. and N's. net interest charge is up by 80 per cent to £15m, nearly a third of trading profits, partly because of the £23m acquisition of EMI's hotels. But this deal also threw up a £4m tax credit, so that earnings per share turn out unchanged, at 10.1p; the dividend, just covered by current cost earnings, is unchanged too.

The group's hotels had a poor year—apart from the general recession, a major refurbishment campaign has been going on, and for some months after the EMI acquisition the division was bearing two sets of central costs. Beer earnings, on ahead quite well, despite one bad strike and the inevitable fall in volume (like all the brewers, though, S. and N. thinks it has gained market share). Lager sales have risen again as a proportion of the total, while operational efficiencies are coming through, and the disarray in packaging markets has kept down the cost of cans.

S and N's net borrowings are up by £40m to £132m, nearly a third of capital employed. This year the group thinks it can hold the figure down, since its capital spending needs are beginning to tail off, but it is hard to see much improvement in profits. Margins were helped towards the end of last year by a rise in canned beer prices, but since then volume throughout the industry has declined further and prices are beginning to come under downward pressure. The brewers' cosy game of pushing up margins to make up for falling sales cannot go on indefinitely—already lager prices in the pubs are being cut and unless volume picks up soon this could be just the beginning.

Of course, a hot summer could save the brewery sector's skin and in any case S and N, with its relatively modest tied estate (and rates bill) may suffer less than Bass and Whitbread if a price war breaks out in earnest. All the same, a 10.1 per cent yield at 64½p does not make the shares cheap.

Alvis

BL has made no secret of its wish to dispose of companies outside the mainstream of its business and Alvis, a defence company with a respectable enough record, has always seemed a saleable candidate. It has found a purchaser in United Scientific Holdings, a manufacturer of military optical equipment, which has been growing at a spectacular rate.

USH has increased its profits sixfold over the past five years and its shares, suspended yesterday at 448p, trade on almost 30 times last year's reported earnings. Its balance sheet is ungeared and a major acquisition has looked on the cards for some time.

The purchase price of £27m (including a repayment of Alvis's debt to BL) is more than three times the tangible shareholders' funds shown in USH's last balance sheet. It will be funded entirely with the proceeds of a rights issue, which will probably result in growth of not much more than a third in USH issued equity while more than doubling the size of the business. The exit p/e, on a full tax charge, is just over eight, but Alvis is faced with the completion of its major British Government contract.

The hope must be that USH's foreign sales network will enable Alvis to fill the gap left when this UK work runs out; at the same time it will give USH, which had previously expanded in the U.S., a bigger home base.

R-R engines for Japan missile ships

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN'S Defence Agency is to use Rolls-Royce Spey engines to power its DDG-class guided missile destroyers, completing the range of British engines used in Japanese warships.

The agency sent a letter of intent today to Rolls-Royce and its Japanese joint venture partner, Kawasaki Heavy Industries, in which it said it would buy two marine Speys and two Olympus marine TM 3B engines for the first DDG.

The agency has been buying Olympus and Tyne engines for installation on two other classes of destroyers for four years.

The decision to buy Speys means that all gas-turbine engines used on Japanese destroyers are likely to be British in future.

Total value of orders for the whole of Japan's destroyer building programme could possibly eventually exceed £1bn, though the value of the initial deal is about £5m.

It is regarded by Rolls-Royce as a breakthrough, as it is the first time that an overseas country has ordered the new marine version of the Spey, developed from the Spey aero engine. Tests on the marine Spey have been under way in the UK by the Royal naval vessel for many years.

Marine versions of the Olympus engines have been used in Royal Naval and foreign vessels for many years.

Rolls-Royce engines supplied to the Japanese marine Self-Defence Forces are built jointly by Rolls-Royce and by Kawasaki Heavy Industries, which makes half the components and takes care of final assembly.

The first two Spey engines will be an exception to this rule, since KHI has not yet acquired the expertise for this type of engine. They will be shipped complete from the UK, but Kawasaki will have a share in manufacture of any future Speys ordered.

Since 1977, when the first Defence Agency orders were placed, Rolls-Royce and Kawasaki have received orders for sets of engines for six DD-class destroyers and three DE-class destroyer escorts.

Contracts for two more destroyers are expected to be signed this financial year, ending March 1982, in addition to the new DDG order.

Rolls-Royce's main competitor for Japanese Defence orders has been General Electric of the U.S., whose engines are licensed for production by Ishikawajima Heavy Industries.

GE and Ishikawajima fought hard for the guided-missile destroyer order, which might have opened up a "wedge" in the Japanese market for marine gas-turbine engines.

Rolls-Royce's continued success in winning Defence Agency orders is put down to the fact that the UK has longer experience in development and use of such engines.

Duffy hints at 20% pay demand

By John Lloyd, Labour Correspondent

BRITAIN'S 2.5m workers in the engineering, shipbuilding, motor and aerospace industries will open bargaining in the new wages round with a claim for a "substantial" increase in minimum rates, probably later this month.

The moderate motion, inspired by the dominant Amalgamated Union of Engineering Workers' engineering section, received unanimous suport from delegates at the conference of the Confederation of Shipbuilding and Engineering Unions in Ayr yesterday.

Mr Terry Duffy, AUEW president said in moving the motion that it will allow negotiators "elasticity" in their talks with the Engineering Employers' Federation later in the year.

However, he warned that the average engineering worker would require about a 20 per cent increase to maintain living standards.

The resolution also calls for unskilled workers to receive 80 per cent of the skilled rate—a long-standing demand, which Mr Duffy said would be pursued vigorously.

Mr Maurice Reed, national officer of the General and Municipal Workers' Union, said the bargaining atmosphere has already been set by the Government and the CBI. He rejected their arguments that wage restraint was good for the economy. "The economy is starved of domestic demand," he said.

The CSEU is also demanding:

● A rise in apprenticeship rates to range from 50 per cent for a 16-year-old, to 95 per cent for a 19-year-old.

● Overtime to be paid at a rate of time and a half.

● The introduction of an industry-wide paid bereavement leave scheme and an industry-wide sickness, accident and life insurance scheme.

Call to halt cuts, Page 14

Japan increases car exports outside U.S. and EEC

BY RICHARD C. HANSON IN TOKYO

PROTECTIONIST moves in the U.S. and Europe have been a major factor in a boom in Japanese car shipments to "third" markets.

If present trends continue, Japanese car makers will probably finish the year in better shape than many have feared.

Ironically, Japan's success in building up markets in Africa, Latin America, Oceania and Asia is likely to be at the expense of U.S. and European makers—which had strongly advocated protecting their home markets.

Figures for Japanese car and truck exports from January to April (the latest available covering the entire industry) show that shipments to Africa increased 61.9 per cent up on the comparable period last year.

Exports to Latin America rose 55.7 per cent to 166,093 units, those to Oceania 42.3 per cent to 122,782 and those to Asia 33.5 per cent to 224,082. These four markets accounted for over 30 per cent of all exports, compared with an average of 26.8 per cent last year.

WHERE JAPANESE CAR EXPORTS GO

	Jan. to April 1981 %	Average for 1980 %
North America	40.8	43.5
Europe	21.8	20.6
Asia	10.4	9.7
Mideast	7.0	9.1
Oceania	5.7	5.3
Africa	7.1	5.4
Latin America	7.2	6.4

Exports to the U.S. rose by 0.4 per cent, to 878,859 units. The U.S. share of Japanese shipments slipped to 40.1 per cent in the first four months of 1981 from 43.5 per cent for all of 1980. Shipments to Europe were up 15.1 per cent to 469,586 units.

Statistics for the year to the end of May, provided by individual makers, show the trend is continuing. For the first four months, Japanese car and truck exports were up 12.6 per cent on the same period of last year to 2.15m units.

The imposition of voluntary restraints on exports to the U.S. and Canada, and promises to restrain shipments to parts of the EEC, produced complaints from the major Japanese companies. They also face sluggish domestic demand.

The combination of export restraint and slow home sales, some observers had feared could have led to the first drop in car production since 1974.

However, companies now cautiously predict that Jaapn's domestic demand may turn up later in the year.

Toyota Motor Sales, the agent for Japan's largest car producer, is holding to its prediction that this year production will remain similar to that in 1980, at about 3.3m units. Toyota predicted at the start of the year that exports would drop slightly.

Japan's car sales to the Middle East showed the only serious decline among the major markets from January to April. They dropped by 18.3 per cent over the like period to 150,785 units.

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Inmos factory plan

only 10 per cent of the key Japanese microchips market if it only sold its products there, whereas a production base would help it gain a much larger permanent share.

The Japanese idea has not been discussed formally with the NEB but was discussed among Inmos board members at their last meeting here a week ago.

Inmos recently had begun manufacturing its first product, a 16-K random access memory (RAM), which can store more than 16,000 pieces of data on a silver silicon. RAMS are widely used in computers and other electronic devices.

Mr. Petritz said it was obtaining its first orders, including one worth more than $500,000 from a U.S. company. Production isscheduled to start in South Wales next June.

The world-wide recession has decelerated demand for more advanced chips like a 64 HK RAM being developed by Inmos, so extending the sales life of the 16-K RAM which the company insists it can produce at a profit in both the UK and the U.S., in spite of strong competition and falling prices.

Most of the new corporate plan will deal with the initial short-term problem of fiding the recession, starting up in South Wales, and establishing effective world-wide marketing arrangements.

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Pound

But there has also been a general switch in market sentiment against the pound

The pound managed to recover towards the London close from its low point of the day of $1.8750. It finished at DM 4.5475 (DM 4.5925), FFr 10.80 (FFr 10.915) and SwFr 3.9025 (SwFr 3.9450).

The dollar yesterday showed little movement against other important currencies. It was unchanged at DM 2.4125 and dropped slightly to SwFr 2.07125 from SwFr 2.0740.

The main reason for the sharp overall fall in UK reserves last month was a further repayment ahead of time of $250m of a $2.5bn Eurodollar credit raised by the Labour Government in 1974.

Weather

SUNNY intervals with a few showers. Some rain in SE England. Cooler in the north.

London, SE England, E Anglia.
Rain at first, becoming brighter. Max 20C (68F).

Midlands, Central Southern England.
Cloudy, bright intervals developing. Max 19C (66F).

Most of Scotland, Borders, N and NE England, E England, SW and NW England, Wales.
Scattered showers, sunny intervals. Max 18C (64F).

Orkney, Shetlands.
Scattered showers, sunny intervals. Max 13C (55F).

Outlook: Continuing changeable with near normal temperatures.

WORLDWIDE

	Y'day midday				Y'day midday	°C	°F
Ajaccio	C	24	75	L. Angt	—	—	—
Algiers	C	24	75	Luxmbg.	F	19	66
Amsdm.	C	16	61	Luxor	S	41	106
Athens	S	31	88	Madrid	C	21	70
Bahrein	—	—	—	Majorca	C	25	77
Barcina.	C	23	73	Malaga	F	26	79
Beirut	S	29	84	Malta	S	30	86
Belfast	R	13	55	M'chstr	C	16	61
Belgrd.	S	24	75	Melbne.	F	13	55
Berlin	F	23	73	Mx. C.†	—	—	—
Biarritz	C	18	64	Miami†	—	—	—
Bmghm.	C	16	61	Milan	S	26	79
Blackpl.	F	15	59	Montrl.†	—	—	—
Bordx.	R	19	66	Moscow	F	20	68
Boulgn.	C	13	55	Munich	S	25	77
Bristol	C	15	59	Nairobi	—	—	—
Brussls	C	18	64	Naples	S	27	81
Budpst.	S	24	75	Nassau	—	—	—
Cairo	S	37	99	Nwcstl.	F	14	57
Cardiff	C	16	61	N Yorkt	—	—	—
Cas'b'ca	S	23	73	Nice	F	23	73
Cape T.	—	—	—	Nicosia	—	—	—
Chicg.†	—	—	—	Oporto	F	18	64
Cologne	C	19	66	Oslo	C	18	64
Cpnhgn.	C	17	63	Paris	C	21	70
Corfu	S	31	88	Perth	S	14	57
Denvert	—	—	—	Prague	S	25	77
Dublin	C	16	61	Rykjvk.	F	11	52
Dbrvnk.	S	25	77	Rhodes	S	29	84
Ednbgh.	F	15	59	Rio J'of	—	—	—
Faro	F	24	75	Rome	—	—	—
Florence	S	31	88	Salzbrg.	S	26	79
Frankft.	F	21	70	S'ciscot	—	—	—
Funchal	C	20	68	S. Mritz.	—	—	—
Geneva	S	23	73	Singapr.	F	32	90
Gibrltr.	S	24	75	S'tiagot	—	—	—
Gl'sg'w	F	14	57	Stckhm.	C	18	64
G'nsey	F	14	57	Strasbg.	F	24	75
Helsinki	C	15	59	Sydney	—	—	—
H. Kong	R	30	86	Tangier	F	24	75
Innsbrk.	S	27	81	Tel Aviv	S	29	84
Invrnss	F	14	57	Tenerife	F	23	73
I.o.Man	—	—	—	Tokyo	C	22	72
Istanbul	S	24	75	T'r'ntot	—	—	—
Jersey	C	15	59	Tunis	S	34	93
Jo'burg	—	—	—	Valencia	S	26	79
L. Plms	S	23	73	Venice	S	25	77
Lisbon	F	21	70	Vienna	S	26	79
Locarno	S	22	72	Warsaw	F	23	73
London	F	17	63	Zurich	S	24	75

C—Cloudy. F—Fair. R—Rain. S—Sunny.
†Noon GMT temperatures.

Telecom warns on cost of competition

BY JASON CRISP

BRITISH TELECOM has warned the Government that if it goes ahead with some of the more radical proposals to liberalise the telecommunications monopoly, it could mean a poorer service and substantial extra demands on public sector borrowing.

It also warns that the affect of competition could double the cost of public payphones and cost residential customers £30 a year more each.

In a detailed report British Telecom strongly opposes the assumptions and recommendations made earlier this year by Prof Michael Beesley, who examined the prospects of liberalisation for Sir Keith Joseph, Industry Secretary.

Prof Beesley's economic arguments are challenged by Prof Reddaway, vice president of the Royal Economic Society and economic adviser to the Confederation of British Industry.

British Telecom's strongest objection is to a proposal which would allow a parallel competing network. Recently a consortium of Cable and Wireless BP and Barclays Merchant Bank applied to the Department of Industry for a licence to set up a competing network.

British Telecom says that such a service would cream off the traffic from the most profitable routes. Secondly it fears that its own network would become less efficiently used because, as the main provider of the telecommunications it would have to instal capacity to cope with overflow of traffic from alternative networks and would need standby equipment in case the alternative network failed.

Cable and Wireless pointed out yesterday, however, that it operates systems in 70 other countries and operate an independent service.

British Telecom also objects to proposals in the Beesley report which suggest the resale of private circuits for voice traffic. British Telecom makes all its profitson trunk and international calls which cross-subsidise local and residential calls.

If other companies are allowed to lease private lines and resell capacity on those circuits to other people they will be able to undercut British Telecom substantially.

The Government requires British Telecom to make a return on capital of 5 per cent. To achieve that for domestic customers would involve raising a further £450m from about 15 million customers.

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